

TOWN OF JUPITER ISLAND, FLORIDA



REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE YEAR ENDED SEPTEMBER 30, 2022

TOWN OF JUPITER ISLAND, FLORIDA

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY FINANCIAL INFORMATION

SEPTEMBER 30, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town
Commissioners
Town of Jupiter Island, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Town of Jupiter Island, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Jupiter Island, Florida's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Town of Jupiter Island, Florida, as of September 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Jupiter Island, Florida, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Jupiter Island, Florida's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jupiter Island, Florida's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Jupiter Island, Florida's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, budgetary comparison schedules on pages 56-66, schedules of changes in the net pension liability and related ratios and employer contributions for the defined benefit plan on pages 67-69, and schedule of funding progress for other postemployment benefits on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

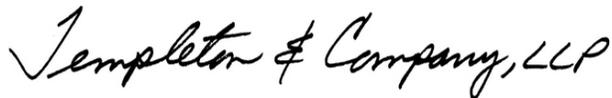
Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Jupiter Island, Florida's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023, on our consideration of the Town of Jupiter Island, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Jupiter Island, Florida's internal control over financial reporting and compliance.



West Palm Beach, Florida
January 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

The Town of Jupiter Island, Florida's (the Town) management discussion and analysis (MD&A) is designed to offer readers of the Town's financial statements an objective and easy-to-read analysis of the Town's financial activities based on currently available information. This narrative overview is only a component of the entire financial statement report. Readers should review and evaluate all sections of the report, including the footnotes and the other required supplementary information that is provided in addition to this MD&A for the fiscal year ended September 30, 2022.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$102,746,804. Of this amount, \$27,908,838 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
 - Governmental net position was \$49,895,630
 - Business-type net position was \$52,851,174
- The total revenue from all sources was \$27,905,942 and the total cost of all Town programs was \$27,551,611.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$26,709,834 which was an increase of \$3,745,661 from the prior year balance of \$22,964,173. Approximately 66% of this fund balance is restricted or assigned for specific purposes; the remaining 34% is available for spending at the Town's discretion from the General Fund.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$8,836,382, or 96% of the total General Fund expenditures for the year ended September 30, 2022.
- The Town's outstanding long-term debt (excluding compensated absences, other postemployment benefits, and net pension liability) decreased from \$44,192,930 to \$42,884,156 during the current fiscal year, representing a net decrease of \$1,308,774 (3%).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements of the Town comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The *government-wide financial statements*, which consist of the following two statements, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of net position* and the *statement of activities* report information about the Town as a whole, and about its activities, in a way that helps determine if the year's activities contributed positively to its overall financial well being. Both statements represent an overview of the Town as a whole, separating its operations between *governmental activities* and *business-type activity*.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other factors should be considered, however, such as the condition of the Town's capital assets, to assess the overall health of the Town.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flow*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activity*). The governmental activities of the Town include general government, public safety, roads, sanitation, and building and land development. The business-type activity of the Town includes the water and wastewater utility.

The government-wide financial statements include only the Town itself (known as the *primary government*). The Jupiter Island Beach Protection District, although a legally separate entity, functions for all practical purposes as a department of the Town and, therefore, has been included as an integral part of the primary government. The government-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements: Conventional users of governmental financial statements will find the fund financial statements presentation more familiar. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, enterprise funds, and fiduciary funds.

Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances for the General Fund, Beach Protection Fund (Jupiter Island Beach Protection District) and in total for the nonmajor governmental funds which include the Electric Underground Fund and the Special Law Enforcement Fund. The basic governmental fund financial statements can be found on pages 15-18 of this report.

Enterprise Funds: The Town maintains one enterprise fund, which is used to report the same functions presented as the *business-type activity* in the government-wide financial statements. The Town's enterprise fund accounts for the South Martin Regional Utility (SMRU) water, wastewater, and irrigation quality water utility operations. The basic enterprise fund financial statements can be found on pages 19-23 of this report. The schedule of water and wastewater revenue refunding bond coverage for the enterprise fund can be found on page 75 of this report.

Fiduciary Funds: Fiduciary funds, including trust and agency funds, are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting basis used for trust and agency funds is accrual, much like that used for enterprise funds. Agency funds are held for others and report only assets and liabilities. The basic fiduciary fund financial statements can be found on pages 24-25 of this report. Combining and individual fund statements for the fiduciary funds can be found on pages 76-80 of this report.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-55 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. A budgetary comparison schedule has been provided as required supplementary information for the General Fund and the Beach Protection Fund on pages 56-66 to demonstrate compliance with the adopted budget for these major governmental funds. Information concerning the Town's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees can be found on pages 67-70 of this report.

The combining and individual fund financial statements and schedules are presented as other supplementary information on pages 73-80 of this report immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, governmental activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,895,630. Business-type activity assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$52,851,174. The Town-wide total net position was \$102,746,804 at the close of the fiscal year ended September 30, 2022. The Statement of Net Position is on page 13 of this report.

At the end of the current fiscal year, the Town reported positive balances in net position for the government as a whole, as well as for its separate business-type activity. The governmental activities reported a balance in unrestricted net position at September 30, 2022 of \$2,808,477, compared to \$1,372,515 as of September 30, 2021.

The largest portion of the Town's net position is reflected in the net investment in capital assets (e.g., land, buildings, machinery and equipment; less any related debt used to acquire those assets that is still outstanding). Capital assets total \$97,042,638 or 63% of all assets, which total \$155,099,472. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position (\$16,826,389 or 16%) represents resources that are subject to restrictions on how they may be used.

The following table reflects the condensed statement of net position as of the current year-end as compared to the prior year-end.

	Net Position (In Thousands)					
	Governmental Activities		Business-type Activity		Totals	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 27,039	\$ 23,304	\$ 31,018	\$ 24,836	\$ 58,057	\$ 48,140
Capital assets	<u>31,177</u>	<u>38,102</u>	<u>65,865</u>	<u>65,241</u>	<u>97,042</u>	<u>103,343</u>
Total assets	<u>\$ 58,216</u>	<u>\$ 61,406</u>	<u>\$ 96,883</u>	<u>\$ 90,077</u>	<u>\$ 155,099</u>	<u>\$ 151,483</u>
Total deferred outflows of resources	\$ 2,373	\$ 526	\$ 1,153	\$ 2,444	\$ 3,526	\$ 2,970
Liabilities:						
Long-term liabilities	\$ 9,035	\$ 7,133	\$ 38,719	\$ 40,107	\$ 47,754	\$ 47,240
Other liabilities	<u>477</u>	<u>507</u>	<u>1,457</u>	<u>1,978</u>	<u>1,934</u>	<u>2,485</u>
Total liabilities	<u>\$ 9,512</u>	<u>\$ 7,640</u>	<u>\$ 40,176</u>	<u>\$ 42,085</u>	<u>\$ 49,688</u>	<u>\$ 49,725</u>
Total deferred inflows of resources	\$ 1,182	\$ 1,493	\$ 5,009	\$ 843	\$ 6,191	\$ 2,336
Net position:						
Net investment in capital assets	\$ 31,077	\$ 38,102	\$ 26,935	\$ 25,544	\$ 58,012	\$ 63,646
Restricted	16,010	13,325	816	901	16,826	14,226
Unrestricted	<u>2,808</u>	<u>1,372</u>	<u>25,100</u>	<u>23,148</u>	<u>27,908</u>	<u>24,520</u>
Total net position	<u>\$ 49,895</u>	<u>\$ 52,799</u>	<u>\$ 52,851</u>	<u>\$ 49,593</u>	<u>\$ 102,746</u>	<u>\$ 102,392</u>

The following table reflects the condensed statement of changes in net position for the current year as compared to the prior year.

	Changes in Net Position (In Thousands)					
	Governmental Activities		Business-type Activity		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,621	\$ 2,385	\$ 12,839	\$ 12,366	\$ 15,460	\$ 14,751
Operating contributions and grants	42	165	-	-	42	165
Capital contributions and grants	-	11,260	612	1,178	612	12,438
General revenues:						
Taxes	10,746	10,362	-	-	10,746	10,362
Intergovernmental	655	162	-	-	655	162
Investment earnings	<u>207</u>	<u>27</u>	<u>184</u>	<u>56</u>	<u>391</u>	<u>83</u>
Total revenues	<u>\$ 14,271</u>	<u>\$ 24,361</u>	<u>\$ 13,635</u>	<u>\$ 13,600</u>	<u>\$ 27,906</u>	<u>\$ 37,961</u>

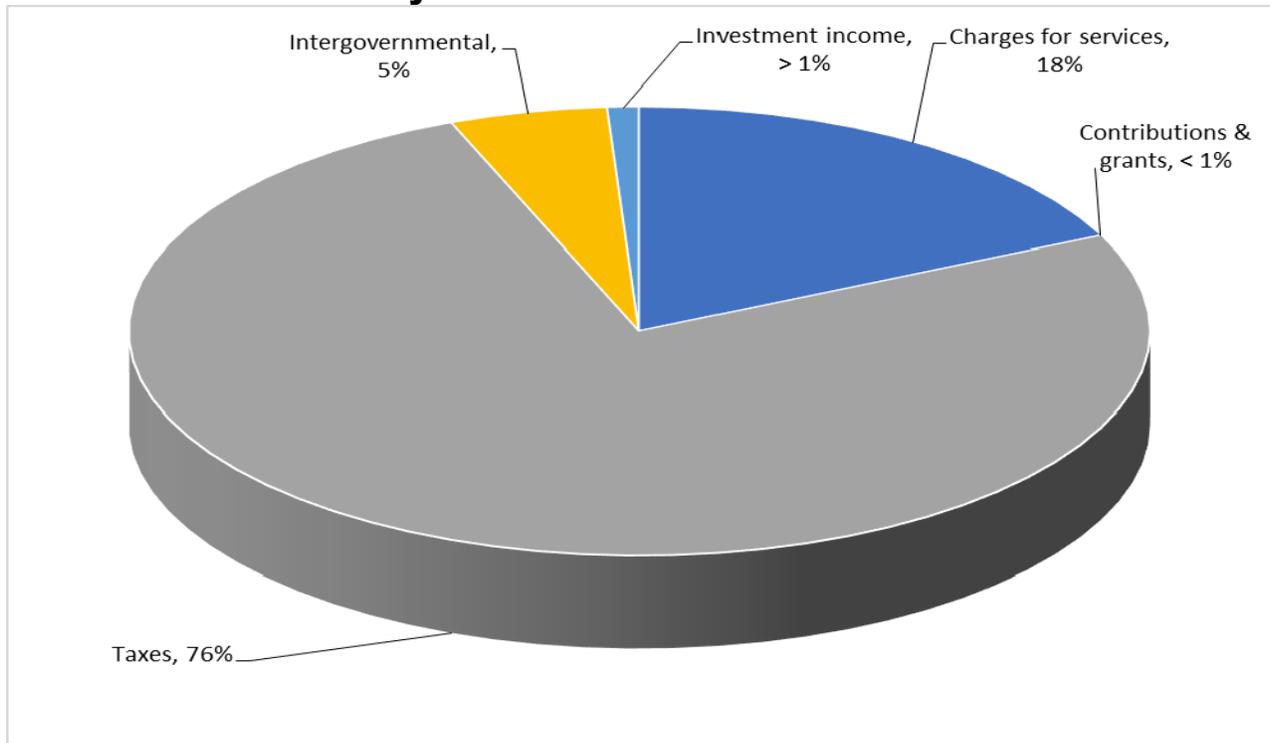
Changes in Net Position, Continued
(In Thousands)

	Governmental Activities		Business-type Activity		Totals	
	2022	2021	2022	2021	2022	2021
Expenses:						
General government	\$ 2,446	\$ 1,858	\$ -	\$ -	\$ 2,446	\$ 1,858
Public safety	4,870	4,251	-	-	4,870	4,251
Building	1,042	997	-	-	1,042	997
Public works	1,680	1,472	-	-	1,680	1,472
Environmental	6,955	7,719	-	-	6,955	7,719
Interest on long-term debt	182	206	990	1,000	1,172	1,206
Water and wastewater	-	-	9,387	8,972	9,387	8,972
Total expenses	17,175	16,503	10,377	9,972	27,552	26,475
Change in net position	(2,904)	7,858	3,258	3,628	354	11,486
Beginning net position	52,799	44,941	49,593	45,965	102,392	90,906
Ending net position	\$ 49,895	\$ 52,799	\$ 52,851	\$ 49,593	\$ 102,746	\$ 102,392

Governmental Activities: Governmental activities decreased the Town's net position by \$2,904,073. The largest sources of governmental revenue received for 2022 was \$10,745,564 from taxes, representing 76% of total governmental revenue.

The sources of governmental activities revenue as a percentage of total governmental revenue for 2022 are summarized as follows:

Revenues by Source - Governmental Activities



Expenses in the governmental activities increased by approximately \$673,000 from the prior year.

Business-type Activity: The Town's business-type activity increased net position by \$3,258,404 for 2022. Charges for services for the business-type activity increased from the previous fiscal year by approximately \$474,000 or 3.9%. This was primarily a result of an increase in demand during the year. Developer capital contributions in 2022 increased approximately \$612,000 and is a direct result of development activity.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The governmental funds report on the same functions as the governmental activities in the government-wide statements but the focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and *balances of spendable* resources. Such information is useful in evaluating the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$26,709,834, an increase of \$3,745,661 from the prior year balance of \$22,964,173. Of this amount, \$17,801,133 is restricted or assigned for specific purposes as follows:

- ❖ \$15,563,881 restricted for beach protection district.
- ❖ \$312,393 restricted for fiscal recovery.
- ❖ \$1,000,000 assigned for emergencies.
- ❖ \$431,990 assigned for conservation projects.
- ❖ \$163,698 assigned for beautification and maintenance projects.
- ❖ \$131,665 restricted for debt repayment.
- ❖ \$115,000 assigned for compensated absences.
- ❖ \$80,000 assigned for uninsured losses.
- ❖ \$2,413 restricted for public safety equipment and training.
- ❖ \$93 assigned for public safety education and training.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, in accordance with GASB Statement No. 54, the unassigned fund balance of the general fund was \$8,836,382, while the total general fund balance reached \$11,010,825. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures of \$9,160,267. Unassigned fund balance represents 96% of total general fund expenditures, while total fund balance represents 120% of that same amount.

The fund balance of the Town's general fund increased by approximately \$1,374,000 during the current fiscal year compared to an increase of approximately \$923,000 in the prior fiscal year.

Enterprise Fund: Enterprise funds present the same functions as presented for business-type activity in the government-wide financial statements. The Town uses an enterprise fund to account for its water and wastewater operations, doing business as South Martin Regional Utility (SMRU). The enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and wastewater utility at the end of the year amounted to \$25,100,361, representing an increase of \$1,952,457 from the prior year balance of \$23,147,904.

Budgetary Highlights

General Fund

Overall, actual revenues were more than the anticipated amounts by \$1,466,167 and expenditures were \$1,176,565 less than the appropriated budget. Accordingly, the Town had a favorable budget variance for 2022 of \$2,642,732. The largest budget variance for revenue was building permits revenue, which exceeded the budgeted amount by \$941,450. Expenditures were under budget in all departments for the year, with the largest variances of \$358,920 in Administration and \$244,386 in Roads.

Beach Protection Fund

Actual revenues were more than the anticipated amounts by \$138,082, and expenditures were \$367,674 less than the appropriated budget. An additional \$2,367,919 was added to reserves for future beach renourishment projects.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for its governmental and business-type activity at September 30, 2022, amounted to \$97,042,638 (net of accumulated depreciation). Depreciation on capital assets is recognized in the government-wide financial statements. This investment in capital assets includes land, buildings and improvements, water distribution system, wastewater collection system, wells, machinery and equipment, beach renourishment, roads and construction in progress.

The Town's investment in capital assets is summarized as follows:

	Capital Assets (In Thousands) (net of accumulated depreciation)					
	Governmental Activities		Business- type Activity		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 12,001	\$ 12,001	\$ 14,390	\$ 14,390	\$ 26,391	\$ 26,391
Building and improvements	2,478	2,461	6,605	5,030	9,083	7,491
Water distribution system	-	-	22,858	22,918	22,858	22,918
Wastewater collection system	-	-	14,658	14,206	14,658	14,206
Wells	-	-	3,779	3,629	3,779	3,629
Equipment	1,049	1,036	2,796	2,963	3,845	3,999
Beach re-nourishment	13,575	20,300	-	-	13,575	20,300
Roads	2,060	2,199	-	-	2,060	2,199
Construction in progress	<u>14</u>	<u>105</u>	<u>779</u>	<u>2,105</u>	<u>793</u>	<u>2,210</u>
Total capital assets	<u>\$ 31,177</u>	<u>\$ 38,102</u>	<u>\$ 65,865</u>	<u>\$ 65,241</u>	<u>\$ 97,042</u>	<u>\$ 103,343</u>

The Town's total investment in capital assets decreased for the current fiscal year by approximately \$6,301,000. The decrease was mainly due to depreciation.

Additional information on the Town's capital assets can be found in Note 6 on pages 37 - 39 of this report.

Long-term Debt: The Town’s total outstanding debt (excluding compensated absences, other post-employment benefits, and net pension liability with no fixed maturity dates) decreased by approximately \$864,000 (2%) during the current fiscal year. The Town’s outstanding debt is summarized as follows:

	Outstanding Debt (In Thousands)					
	Governmental Activities		Business-type Activity		Total	
	2022	2021	2022	2021	2022	2021
Notes payable	\$ 4,621	\$ 5,168	\$ 11,152	\$ 11,449	\$ 15,773	\$ 16,617
Revenue bonds	-	-	27,065	27,515	27,065	27,515
Total outstanding debt	<u>\$ 4,621</u>	<u>\$ 5,168</u>	<u>\$ 38,217</u>	<u>\$ 38,964</u>	<u>\$ 42,838</u>	<u>\$ 44,132</u>

The revenue bonds of the utility system have been rated “AA” by S&P and “Aa2” by Moody’s Investor Services. The remaining debt has not been rated.

Governmental Activities Debt: In 2008, the Town issued two promissory notes to a financial institution with a total principal amount of \$11.0 million to finance the electric underground project. A portion of the new borrowing was used to repay an outstanding balance of \$400,000 on the note obtained in 2006 to finance the pilot project for the electric underground project. The notes issued in 2008 were approved by the Town’s voters in November 2007.

Business-type Activity Debt: In July 2020, the Town, on behalf of South Martin Regional Utility (SMRU) issued \$27,515,000 Utility System Refunding Bonds, Series 2020 for the principal purpose of refunding all of the outstanding Series 2010 Bonds. Net proceeds of \$27,515,000 from the Series 2020 Bonds plus \$3,075,364 of sinking fund monies from the Series 2010 Bonds were deposited in an irrevocable trust with an escrow agent and all of the Series 2010 Bonds (\$29,725,000) were called on October 1, 2020.

At the end of the current fiscal year, the SMRU had bonded debt outstanding of \$27,065,000 and notes payable outstanding of \$11,152,426 in the utility system for a total of \$38,217,426. The notes payable are secured by all non-ad valorem revenues of the governmental activities. The remaining outstanding debt of the utility system is secured solely by specified revenue sources of the water and wastewater utility system.

Additional information on the Town’s long-term debt can be found in Note 9 on pages 41 - 45 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors were considered in establishing the Town’s budgets and charges for services for the 2022-2023 fiscal year.

- Ad valorem taxes (property taxes) are the single most significant governmental revenue source for the Town. These revenues are generated by a millage rate set annually by the Town Commission. When creating the budget, the primary objective was to provide Town services while at the same time keeping the projected tax levy the same. The General Fund millage rate adopted for 2022-2023 is 2.7887 mills. This millage rate results in a total projected tax levy of \$8,183,781.
- General Fund revenues and expenditures for the 2022-2023 budget year increased \$1,595,000 from the 2021-2022 budget.
- The Beach Protection District millage rate adopted for 2022-2023 decreased from 1.0894 mills to 0.9593 mills. This millage rate results in a total projected tax levy of \$2,800,000.

- The Town will continue the voted debt millage in 2022-2023 in order to pay the promissory notes issued for the electric undergrounding project. The millage rate adopted for 2022-2023 decreased from 0.3104 mills to 0.2735 mills. This millage rate results in a total projected tax levy of \$802,512.
- Many other factors, with less significant impacts, other than those above, were also considered in preparing the Town's budget for the 2022-2023 fiscal year.

South Martin Regional Utility operations are primarily supported by user fees. In 2022-2023, an increase of 4.6% (\$515,000) in utility operating revenue was budgeted based on increases in the utility price index and customer usage. An increase of 16.5% (\$1,170,000) in personnel and operating expenses was budgeted.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager/Finance Director, 2 Bridge Road, Hobe Sound, FL 33455.

BASIC FINANCIAL STATEMENTS

TOWN OF JUPITER ISLAND, FLORIDA

STATEMENT OF NET POSITION

September 30, 2022

	Governmental Activities	Business-Type Activity	Total
ASSETS AND DEFERRED OUTFLOW OF RESOURCES			
Assets:			
Cash and cash equivalents	\$ 15,081,026	\$ 13,374,328	\$ 28,455,354
Investments	11,803,975	9,491,103	21,295,078
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$78,441, respectively	10,465	1,250,898	1,261,363
Interest receivable	-	7,959	7,959
Prepaid items	72,319	102,034	174,353
Due from other governments	46,986	-	46,986
Interfund balances, net	24,199	(24,199)	-
Restricted assets:			
Cash and cash equivalents	-	1,855,336	1,855,336
Notes receivable	-	441,046	441,046
Inventory	-	260,594	260,594
Derivative instruments - interest rate swap	-	4,258,765	4,258,765
Capital assets:			
Capital assets not being depreciated	12,015,148	15,169,270	27,184,418
Depreciable capital assets, net	<u>19,162,336</u>	<u>50,695,884</u>	<u>69,858,220</u>
Total assets	<u>\$ 58,216,454</u>	<u>\$ 96,883,018</u>	<u>\$ 155,099,472</u>
Deferred outflow of resources:			
Accumulated decrease in fair value of derivative instruments	\$ -	\$ 562,373	\$ 562,373
Deferred amounts on refunding	-	489,108	489,108
Pension related items	2,234,551	-	2,234,551
Other postemployment benefits	<u>138,050</u>	<u>101,094</u>	<u>239,144</u>
Total deferred outflow of resources	<u>\$ 2,372,601</u>	<u>\$ 1,152,575</u>	<u>\$ 3,525,176</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION			
Liabilities:			
Accounts payable	\$ 125,967	\$ 326,441	\$ 452,408
Accrued liabilities	186,276	91,076	277,352
Accrued interest payable	147,709	-	147,709
Due to other governments	16,893	-	16,893
Liabilities payable from restricted assets	-	1,039,299	1,039,299
Long-term liabilities:			
Due within one year	767,792	291,456	1,059,248
Due in more than one year	<u>8,266,764</u>	<u>38,427,375</u>	<u>46,694,139</u>
Total liabilities	<u>\$ 9,511,401</u>	<u>\$ 40,175,647</u>	<u>\$ 49,687,048</u>
Deferred inflow of resources:			
Accumulated increase in fair value of derivative instruments	\$ -	\$ 4,821,138	\$ 4,821,138
Pension related items	917,388	-	917,388
Other postemployment benefits	<u>264,636</u>	<u>187,634</u>	<u>452,270</u>
Total deferred inflow of resources	<u>\$ 1,182,024</u>	<u>\$ 5,008,772</u>	<u>\$ 6,190,796</u>
Net position:			
Net investment in capital assets	\$ 31,076,801	\$ 26,934,776	\$ 58,011,577
Restricted	16,010,352	816,037	16,826,389
Unrestricted	<u>2,808,477</u>	<u>25,100,361</u>	<u>27,908,838</u>
Total net position	<u>\$ 49,895,630</u>	<u>\$ 52,851,174</u>	<u>\$ 102,746,804</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-type Activity	Total
Governmental activities:							
General government	\$ 2,446,128	\$ 696,500	\$ 41,997	\$ -	\$ (1,707,631)	\$ -	\$ (1,707,631)
Public safety	4,869,873	68,841	-	-	(4,801,032)	-	(4,801,032)
Building	1,042,317	1,791,450	-	-	749,133	-	749,133
Public works	1,679,772	64,000	-	-	(1,615,772)	-	(1,615,772)
Environmental	6,955,288	-	-	-	(6,955,288)	-	(6,955,288)
Interest on long-term debt	181,193	-	-	-	(181,193)	-	(181,193)
Total governmental activities	17,174,571	2,620,791	41,997	-	(14,511,783)	-	(14,511,783)
Business-type activity							
Water and wastewater	10,377,040	12,839,121	-	611,655	-	3,073,736	3,073,736
Total	\$ 27,551,611	\$ 15,459,912	\$ 41,997	\$ 611,655	(14,511,783)	3,073,736	(11,438,047)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					6,811,291	-	6,811,291
Property taxes, levied for beach protection					2,813,842	-	2,813,842
Property taxes, levied for electric underground					806,463	-	806,463
Local option gas tax					210,254	-	210,254
Communications tax					103,714	-	103,714
Intergovernmental not restricted to specific programs					655,370	-	655,370
Investment income					206,776	184,668	391,444
Total general revenues					11,607,710	184,668	11,792,378
Change in net position					(2,904,073)	3,258,404	354,331
Net position, beginning of year					52,799,703	49,592,770	102,392,473
Net position, end of year					\$ 49,895,630	\$ 52,851,174	\$ 102,746,804

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2022

	Major Governmental Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Beach Protection Fund		
Assets:				
Cash and cash equivalents	\$ 4,918,165	\$ 10,028,783	\$ 134,078	\$ 15,081,026
Investments	6,254,534	5,549,441	-	11,803,975
Accounts receivable	10,465	-	-	10,465
Prepaid items	71,269	1,050	-	72,319
Due from other governments	46,986	-	-	46,986
Due from other funds	24,199	-	-	24,199
Total assets	<u>\$ 11,325,618</u>	<u>\$ 15,579,274</u>	<u>\$ 134,078</u>	<u>\$ 27,038,970</u>
Liabilities and fund balance				
Liabilities:				
Accounts payable	\$ 121,561	\$ 4,406	\$ -	\$ 125,967
Accrued liabilities	176,339	9,937	-	186,276
Due to other governments	16,893	-	-	16,893
Due to other funds	-	-	-	-
Total liabilities	<u>314,793</u>	<u>14,343</u>	<u>-</u>	<u>329,136</u>
Fund balance:				
Nonspendable	71,269	1,050	-	72,319
Restricted	312,393	15,563,881	134,078	16,010,352
Assigned	1,790,781	-	-	1,790,781
Unassigned	8,836,382	-	-	8,836,382
Total fund balance	<u>11,010,825</u>	<u>15,564,931</u>	<u>134,078</u>	<u>26,709,834</u>
Total liabilities and fund balance	<u>\$ 11,325,618</u>	<u>\$ 15,579,274</u>	<u>\$ 134,078</u>	<u>\$ 27,038,970</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2022

Total governmental fund balance (page 15)	\$	26,709,834
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Cost of assets	\$ 87,911,554	
Accumulated depreciation	<u>(56,734,070)</u>	
		31,177,484
Deferred outflows and inflows of resources related to pension expense are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting:		
Pension related deferred outflows		2,234,551
Pension related deferred inflows		(917,388)
Deferred outflows and inflows of resources related to other postemployment benefits are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting:		
OPEB related deferred outflows		138,050
OPEB related deferred inflows		(264,636)
Net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds		(3,905,959)
Accrued interest on long-term debt is not due and payable in the current period and is not reported in governmental funds		(147,709)
Long-term liabilities, including notes, other postemployment benefits and compensated absences payable are not due and payable in the current period and therefore are not reported in governmental funds. Long-term liabilities at year-end consist of:		
Notes payable	(4,666,731)	
Other postemployment benefits	(192,657)	
Compensated absences	<u>(269,209)</u>	
		<u>(5,128,597)</u>
Total net position (page 13)	\$	<u>49,895,630</u>
See notes to basic financial statements.		

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Major Governmental Funds			Total Governmental Funds
	General	Beach	Nonmajor	
	Fund	Protection Fund	Governmental Funds	
Revenue:				
Taxes	\$ 7,125,259	\$ 2,813,842	\$ 806,463	\$ 10,745,564
Licenses and permits	1,792,664	-	-	1,792,664
Intergovernmental	665,894	-	-	665,894
Charges for services	187,723	-	-	187,723
Fines and forfeitures	2,158	-	118	2,276
Investment income	82,536	124,240	-	206,776
Donations	31,473	-	-	31,473
Miscellaneous	646,888	-	-	646,888
Total revenue	10,534,595	2,938,082	806,581	14,279,258
Expenditures:				
Current:				
General government:				
Administration	1,853,682	444,153	-	2,297,835
Public safety	4,398,442	-	656	4,399,098
Building	999,183	-	-	999,183
Public works:				
Solid waste	1,127,342	-	-	1,127,342
Roads	32,614	-	-	32,614
Grounds	243,972	-	-	243,972
Environmental:				
Lethal yellowing program	159,282	-	-	159,282
Beach protection and monitoring	-	57,338	-	57,338
Beautification and maintenance	116	-	-	116
Conservation	7,504	-	-	7,504
Capital outlay	338,130	68,672	-	406,802
Debt service:				
Principal	-	-	601,966	601,966
Interest	-	-	200,545	200,545
Total expenditures	9,160,267	570,163	803,167	10,533,597
Net change in fund balance	1,374,328	2,367,919	3,414	3,745,661
Fund balance, beginning of year	9,636,497	13,197,012	130,664	22,964,173
Fund balance, end of year	\$ 11,010,825	\$ 15,564,931	\$ 134,078	\$ 26,709,834

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Net change in fund balance - total governmental funds (page 17)	\$	3,745,661
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays was less than depreciation expense in the current period:		
Expenditures for capital assets	\$	398,156
Less current year depreciation		<u>(7,313,961)</u>
		(6,915,805)
In the statement of activities, the gain or loss on disposal of capital assets is reported, whereas in governmental funds, the proceeds from the disposal increases financial resources. The difference is the depreciated cost of the capital asset dispositions		
		(8,760)
Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets		
		601,966
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when the payment is due. This is the change in accrued interest payable		
		19,352
Some revenues, expenses and gains reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in compensated absences		9,084
Reclassifications of long-term debt		(100,683)
Other postemployment benefit expense		(12,500)
Pension expense		<u>(242,388)</u>
Change in net position of governmental activities (page 14)	\$	<u>(2,904,073)</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF NET POSITION
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
September 30, 2022

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 13,374,328
Investments	9,491,103
Accounts receivable, net of allowance for doubtful accounts of \$63,775	1,250,898
Notes receivable - current	23,562
Interest receivable	7,959
Inventory	260,594
Prepaid items	<u>102,034</u>
Total current assets	<u>24,510,478</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	<u>1,855,336</u>
Total restricted assets	<u>1,855,336</u>
Other assets:	
Notes receivable - long-term	417,484
Derivative instruments - interest rate swap	<u>4,258,765</u>
Total other assets	<u>4,676,249</u>
Capital assets:	
Land and improvements	14,390,177
Buildings and improvements	12,335,508
Water distribution systems	36,547,118
Wastewater distribution systems	26,988,106
Wells	6,617,168
Equipment	9,781,737
Construction in progress	<u>779,093</u>
Total capital assets	107,438,907
Less accumulated depreciation	<u>(41,573,753)</u>
Total capital assets, net	<u>65,865,154</u>
Total assets	<u>\$ 96,907,217</u>
Deferred outflows of resources:	
Accumulated decrease in fair value of derivative instruments	\$ 562,373
Deferred amounts on refunding	489,108
Other postemployment benefits	<u>101,094</u>
Total deferred outflows of resources	<u>\$ 1,152,575</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF NET POSITION, CONTINUED
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
September 30, 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities:	
Accounts payable	\$ 326,441
Accrued liabilities	91,076
Due to other funds	24,199
Current portion of notes payable	<u>291,456</u>
Total current liabilities	<u>733,172</u>
Current liabilities payable from restricted assets:	
Accounts payable	23,049
Accrued interest payable	504,765
Current portion of revenue bonds payable	495,000
Current portion of notes payable	<u>16,485</u>
Total current liabilities payable from restricted assets	<u>1,039,299</u>
Noncurrent liabilities:	
Compensated absences payable	147,969
Other postemployment benefits payable	151,969
Notes payable	10,844,485
Revenue bonds payable, net of unamortized premium	<u>27,282,952</u>
Total noncurrent liabilities	<u>38,427,375</u>
Total liabilities	<u>\$ 40,199,846</u>
Deferred inflows of resources:	
Accumulated decrease in fair value of derivative instruments	\$ 4,821,138
Other postemployment benefits	<u>187,634</u>
Total deferred inflows of resources	<u>\$ 5,008,772</u>
Net position:	
Net investment in capital assets	\$ 26,934,776
Restricted	816,037
Unrestricted	<u>25,100,361</u>
Total net position	<u>\$ 52,851,174</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
For the Year Ended September 30, 2022

Operating revenue:	
Water	\$ 8,455,366
Wastewater	3,518,318
Irrigation quality water	399,623
Accrued guaranteed revenue fees	325,441
Other	<u>109,666</u>
 Total operating revenue	 <u>12,808,414</u>
 Operating expenses:	
Personal services	3,248,459
Operating expenses	3,680,777
Depreciation	<u>2,195,390</u>
 Total operating expenses	 <u>9,124,626</u>
 Operating income	 <u>3,683,788</u>
 Nonoperating revenue (expenses):	
Interest income	184,668
Other expenses	30,707
Loss on disposal of assets	(130,249)
Interest expense	(990,339)
Amortization	<u>(131,826)</u>
 Total nonoperating revenue (expenses)	 <u>(1,037,039)</u>
 Income before capital contributions	 2,646,749
Capital contributions	<u>611,655</u>
 Change in net position	 3,258,404
Net position, beginning of year	<u>49,592,770</u>
 Net position, end of year	 <u>\$ 52,851,174</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CASH FLOWS
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
For the Year Ended September 30, 2022

Cash flows from operating activities:	
Cash received from customers	\$ 12,915,478
Cash received from others	30,707
Cash paid to suppliers and contractors	(3,349,687)
Cash paid to employees	(3,213,736)
Cash paid for interfund services	<u>(480,540)</u>
Net cash provided by operating activities	<u>5,902,222</u>
Cash flows from capital and related financing activities:	
Capital contributions	458,057
Principal received on notes receivable	121,310
Principal paid on revenue bonds payable	(450,000)
Principal paid on notes payable	(296,850)
Acquisition and construction of capital assets	(2,950,181)
Payment of interest	<u>(1,018,845)</u>
Net cash used in capital and related financing activities	<u>(4,136,509)</u>
Cash flows from investing activities:	
Interest received	184,898
Purchase of investments	<u>(2,572,925)</u>
Net cash used in investing activities	<u>(2,388,027)</u>
Net decrease in cash and cash equivalents	(622,314)
Cash and cash equivalents, beginning of year	<u>15,851,978</u>
Cash and cash equivalents, end of year	<u>\$ 15,229,664</u>
Reconciliation of cash and cash equivalents to statement of net position:	
Unrestricted cash and cash equivalents	\$ 13,374,328
Restricted cash and cash equivalents	<u>1,855,336</u>
Cash and cash equivalents, end of year	<u>\$ 15,229,664</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CASH FLOWS, CONTINUED
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
For the Year Ended September 30, 2022

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$ 3,683,788
Adjustments to reconcile operating income to net cash provided by operating activities:	
Provision for uncollectible accounts	(14,660)
Depreciation	2,195,390
Other income	30,707
Changes in operating assets and liabilities:	
Accounts receivable	121,724
Inventory	(84,310)
Prepaid items	22,185
Due from other funds	15,012
Accounts payable	(102,337)
Accrued liabilities	13,098
Compensated absences payable	12,818
Other postemployment benefits	<u>8,807</u>
Net cash provided by operating activities	<u>\$ 5,902,222</u>
Supplemental disclosure of noncash capital and related financing activities:	
Amortization of deferred amounts on refunding	<u>\$ (131,825)</u>
Notes receivable for capital contributions	<u>\$ 153,598</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2022

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Assets:			
Cash and cash equivalents	\$ 263,974	\$ 15,171	\$ 17,214
Unallocated cash in transit	38,974	-	-
Investments	15,422,749	-	-
Employer contributions receivable	108,952	-	-
Loans receivable	<u>97,724</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 15,932,373</u>	 <u>\$ 15,171</u>	 <u>\$ 17,214</u>
LIABILITIES			
Liabilities:			
Due to employees	\$ <u>-</u>	\$ <u>-</u>	\$ 17,214
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>17,214</u>
NET POSITION			
 Net position restricted for pensions and other purposes	 <u>\$ 15,932,373</u>	 <u>\$ 15,171</u>	 <u>\$ -</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2022

	<u>Pension Trust Funds</u>	<u>Private- Purpose Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,213,636	\$ -
Investment income	<u>(3,175,236)</u>	<u>-</u>
Total additions	<u>(1,961,600)</u>	<u>-</u>
Deductions:		
Payments to retirees and employees	1,658,255	-
Investment fee expense	22,614	-
Scholarships	-	7,000
Bank charges	<u>-</u>	<u>173</u>
Total deductions	<u>1,680,869</u>	<u>7,173</u>
Change in net position	(3,642,469)	(7,173)
Net position, beginning of year	<u>19,574,842</u>	<u>22,344</u>
Net position, end of year	<u>\$ 15,932,373</u>	<u>\$ 15,171</u>

See notes to basic financial statements.

TOWN OF JUPITER ISLAND, FLORIDA
Notes to Basic Financial Statements
September 30, 2022

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Jupiter Island, Florida, (the “Town”) is a political subdivision incorporated under the authority of Chapter 165, Florida Statutes, and was established by House Bill 582, Laws of Florida, 1953. The Town is governed by five Commissioners elected by residents of the Town. The Town’s major governmental activities include general government, public safety, roads, sanitation, and building and land development. The business-type activity of the Town includes the water and wastewater utility.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (“GASB”).

The more significant of the Town’s accounting policies are described below.

Financial Reporting Entity

As defined by U.S. generally accepted accounting principles, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Based on the application of the criteria set forth by GASB, Jupiter Island Beach Protection District (the “District”) is included in the Town’s financial reporting entity as a blended component unit reported in a governmental (special revenue) fund, the *Beach Protection Fund*. The District is a special taxing district created on April 9, 1982, by the Laws of Florida, Chapter 82-331, to protect and maintain the Town’s beaches. The governing body of the District is the Town Commission and the Town handles the management and administration of the District’s financial matters. Separate financial statements of the District are not prepared. Furthermore, the Town is not aware of any entity that would consider the Town to be a component unit.

Jointly Governed Organization

The Town participates in the Treasure Coast Regional Utilities Organization (“TCRU”) which includes seven local governments in Martin and St. Lucie counties. TCRU was formed to develop joint plans for the treatment and disposal of wastewater biosolids and additional utility plans or projects as needed and agreed upon by the members. The Town has no ongoing financial interest or obligation.

Government-wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all non-fiduciary activities of the Town and its component unit. These statements include separate columns for the *governmental activities*, which are normally supported by taxes and intergovernmental revenue, and the *business-type activity* which relies primarily on fees and charges for support.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise fund operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and business-type activity, which are presented as internal balances and eliminated in the total column. In the statement of activities, all interfund transactions have been eliminated except for the charges between the Town's governmental activities and business-type activity.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenue* includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and (3) capital grants and contributions. Taxes and other items not meeting the definition of program revenue are reported as *general revenue*. The Town does not allocate indirect costs, however, an administrative service fee is charged by the general fund to other operating funds that is eliminated like a reimbursement (reducing revenue and expense in the general fund) to recover the direct costs of general fund services provided (such as finance, legal, human resources, information systems, etc.).

Fund Financial Statements

The underlying accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds used by the Town are classified into three categories: *governmental*, *enterprise* and *fiduciary*. Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Town's major governmental funds and enterprise fund are reported as separate columns in the fund financial statements.

Governmental Fund Financial Statements – Governmental fund financial statements include a balance sheet and a statement of revenue, expenditures and changes in fund balance for all major governmental funds and nonmajor funds in the aggregate. An accompanying schedule is presented to reconcile and explain the differences in fund balance and changes in fund balance as presented in these statements, to the net position and changes in net position presented in the government-wide financial statements. The Town's major governmental funds are:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Beach Protection Fund* accounts for the operations of the Jupiter Island Beach Protection District, which is included as a blended component unit within the Town's financial statements.

Additionally, the Town reports the following nonmajor funds:

The *Electric Underground Fund* accounts for the proceeds of property tax revenue designated for the repayment of principal and interest on general obligation debt reported in governmental activities in the statement of net position.

The *Special Law Enforcement Fund* accounts for the proceeds from law enforcement forfeitures. Expenditures from this fund are made only for public safety purposes.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise Fund Financial Statements – Enterprise fund reporting focuses on the determination of operating income, changes in net position, and cash flows. The Town's sole enterprise fund is described below:

The *Water and Wastewater Fund* is used to account for operations of South Martin Regional Utilities (SMRU), the Town's water, wastewater, and irrigation quality water utility system.

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a statement of fiduciary net position and a statement of changes in fiduciary net position. The Town's fiduciary funds are presented in the fund financial statements by type: *pension*, *private-purpose* and *agency*. Since, by definition, these assets are being held for the benefit of third parties (pension participants and Town employees) and cannot be used to finance activities or obligations of the government, these funds are not included in the government-wide financial statements.

The Fiduciary Funds of the Town are as follows:

The *Pension Trust Funds* are used to account for assets held in a trustee capacity for the retirement pensions of Town employees.

The *Private-Purpose Trust Fund* is used to account for donations made by citizens to provide college scholarships and emergency assistance to Town employees and their families.

The *Town Employees Agency Fund* accounts for donations made by citizens for Christmas gifts to Town employees.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*, as are the enterprise fund and fiduciary fund financial statements. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund does not have a measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenue is recognized in the period in which it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenue to be available if it is collected within 60-days of the end of the current fiscal year. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Property taxes, intergovernmental revenue, franchise fees, charges for services and investment income are all considered susceptible to accrual and have been recognized as revenue of the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the Town.

Enterprise fund financial statements distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the enterprise fund's principal ongoing operations. The principal operating revenue of the water and wastewater enterprise fund is charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for the water and wastewater enterprise fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

The Town's investments for all funds, except the pension trust funds, consist of U.S. Government securities with a maturity greater than three months and are carried at fair value. Investments also include Florida Prime (an investment pool administered by the Florida State Board of Administration). Florida Prime currently meets all of the necessary criteria to measure all of the investments in Florida Prime at amortized cost. The amortized cost account balance should also be considered the fair value of the investment. The principal, and any part thereof, is subject to payment at any time from the moneys in the trust fund. However, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, a maximum 15-day limit may be imposed on contributions and withdrawals. The State Board of Administration administers the Florida Prime investments pursuant to Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida Prime. Investments in the Town's pension funds consist of mutual funds. All investments are reported at fair value using quoted market prices or the best estimate available. The difference between cost and fair value of investments held is recorded as net unrealized gains or losses and is included in net investment earnings.

Accounts Receivable

General government accounts receivable include amounts due from other governments and charges for miscellaneous services. Accounts receivable reported in the enterprise fund represent amounts due for water and wastewater services to utility customers, who are local businesses and residents. The Town does not require collateral for accounts receivable. Accounts receivable are reported net of an allowance for doubtful accounts determined based on the age of the individual receivable, with age categories ranging from 30-days past due to several years past due. Generally, the allowance includes accounts over 90-days past due. Accounts receivable are written off on an individual basis in the year the Town deems them uncollectible.

Unbilled Accounts Receivable

The enterprise fund recognizes revenue on the basis of monthly cycle billings to customers for services provided. As a result of this cycle billing method, there are unbilled receivables at the end of each fiscal year with respect to services provided, but not billed at such date. The estimated value of services provided but unbilled at year end has been included in the accompanying financial statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Certain assets of the enterprise fund are restricted by bond and loan covenants for construction, and other amounts legally required to be set aside for debt service, operations renewal and replacement and capital improvements. Restricted resources are used first to fund expenses incurred for restricted purposes.

Inventory

Inventory consists of materials and supplies which are carried at cost in the governmental funds and at the lower of cost (first-in, first-out) or market in the enterprise fund. The Town uses the consumption method, wherein all inventories are maintained by perpetual records, expensed when used, and adjusted by an annual physical count.

Capital Assets

The Town has reported all capital assets, including infrastructure assets (roads, sidewalks and similar items), in the government-wide statement of net position. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or, if donated, at fair value at the date of donation. Expenses which materially extend the useful life of existing assets are capitalized. Certain costs for professional services and interest associated with the acquisition and construction of enterprise fund capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is computed using the straight-line method over the estimated useful lives of all reported capital assets, except land. Estimated useful lives assigned to the various categories of assets are as follows:

Buildings and improvements	15-65 years
Water distribution system	40-75 years
Wastewater collection systems	40-75 years
Wells	50-75 years
Equipment	2-15 years
Roads	10-20 years
Beach renourishment	5 years

Debt Premiums, Discounts and Issuance Costs

On the government-wide statement of net position and the enterprise fund type statement of net position, debt premiums and discounts are netted against debt payable and debt issuance costs are recognized as an outflow of resources in the period incurred.

At the governmental fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

Internal Balances

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activity columns of the statement of net position.

Compensated Absences

The Town records vacation pay as an expenditure in the year it is earned, including accruals for related payroll taxes. Employees may accumulate up to two years of vacation leave beyond the end of the fiscal year in which it is earned. Employees accrue sick leave at the rate of eight hours per month up to a maximum of 240 hours until retirement or termination, at which time they are paid for 50% of the unused sick leave, subject to certain maximums. Accordingly, the Town accrues 50% of eligible, unused employee sick leave and related payroll taxes and benefits in the year it is earned. The liability for compensated absences attributable to the Town's governmental fund is recorded in the government-wide financial statements and is generally liquidated by the general fund. The amount attributable to the business-type activity is charged to expense with a corresponding liability established in the government-wide financial statements as well as the enterprise fund.

Other Postemployment Benefits

The Town is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same group insurance rates that current employees are charged. Retirees pay the full cost of the insurance. The Town provides no other postemployment benefits to employees.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the government-wide statement of net position, the governmental funds balance sheet, and the enterprise fund statement of net position will sometimes report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Town has an accumulated decrease in fair value of derivative instruments, refunding loss on bonds payable, pension resources, and other postemployment benefits which qualify for reporting as deferred outflow of resources. The Town also has an accumulated increase in fair value of derivative instruments, pension resources, and other postemployment benefits as deferred inflows on the government-wide statement of net position and enterprise fund statement of net position. The accumulated increase and decrease in fair value of derivative instruments was the fair value of the Town's interest rate swap agreements at September 30, 2022. The refunding loss on bonds payable was a loss resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow and deferred inflow of pension resources is reported for governmental activities. See Note 14 for more information on this line item. See Note 16 for more information on the deferred outflow and deferred inflow of other postemployment benefits.

Fund Balances

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of the resources are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Restrictions are placed on fund balances when legally enforceable legislation establishes the Town's right to assess, levy, or charge fees to be used for a specific purpose. Legal enforceability means that the Town can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed fund balance – Committed fund balances are amounts that can be used for specific purposes as a result of constraints imposed by the Commission of the Town. Committed amounts cannot be used for any other purpose unless the Commission removes those constraints by taking the same type of action (e.g., legislation, resolution, and ordinance). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Commission.

Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned Fund Balance – Unassigned fund balance is the residual classification of the general fund. This classification represents the general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When an expenditure is incurred for purposes for which both the restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town Commission has provided otherwise.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The categories of net position are as follows:

Net Investment in Capital Assets – This component of net position consists of the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of *Net Investment in Capital Assets* or *Restricted*.

The governmental activities reported on the government-wide statement of net position reports \$13,126,073 as restricted. The total amount is restricted by enabling legislation.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for the risks of losses to which it is exposed. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. The Town is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$200,000/\$300,000 for all claims relating to the same accident. There have been no significant reductions in insurance coverage from the prior year. In addition, there have been no settlements that exceeded insurance coverage for any of the prior three fiscal years.

Interfund Transactions

Transactions between funds during the year consisted of loans, services provided, reimbursements or transfers. Loans are reported as Due from Other Funds and Due to Other Funds as appropriate and are subject to elimination in the government-wide financial statements. Services, deemed to be reasonably equivalent in value, are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

All other interfund transactions are presented as transfers. Transfers within the governmental and business-type activity are eliminated in the government-wide financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Revenue

Ad valorem property taxes are assessed on property valuations as of January 1st and levied the following October 1st. Taxes are due by March 31st and become delinquent on April 1st when liens are filed against the subject property. Ad valorem taxes are assessed by the Martin County Property Appraiser and collected by the Martin County Tax Collector, which remits the taxes to the Town.

For the fiscal year ended September 30, 2022, the maximum tax levy allowed by a majority vote of the governing body was generally based on a percentage reduction applied to the prior year (2020/2021) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for five preceding fiscal years. State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a two-thirds vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus an adjustment for growth in per capita Florida personal income; 2) a two-thirds vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus 10%; or 3) any millage rate approved by unanimous vote or referendum. For the fiscal year ended September 30, 2022, the Town adopted a millage rate permitted by a majority vote of the Town Commission under this formula, which was 2.6216 for the general fund, 1.0894 for the Jupiter Island Beach Protection District (the "District"), and .3104 for the electric underground fund debt service. This millage rate resulted in a total tax levy of \$6,811,291, \$2,813,842, and \$806,463 for 2022, for the general fund, the District, and the electric underground fund, respectively. The property tax levy represents a decrease for the general fund, the District, and the electric underground debt service when compared to the prior year. Future property tax rate increases are generally limited to the annual growth rate for per capita personal income plus the value of new construction.

Grant Revenue

Federal, state and local reimbursement-type grants are recorded as intergovernmental receivables and revenue when the related expenditures/expenses are incurred.

Other Governmental Revenue

Revenue that is susceptible to accrual includes franchise fees, state shared revenues, charges for Town services and interest income. Revenue which is not both available and measurable, and thus not susceptible to accrual, includes licenses and permits and fines and forfeitures.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

At September 30, 2022, the fair value of the Town's cash, cash equivalents and investments, excluding fiduciary funds, included the following:

	Unrestricted	Restricted	Total
Cash and Cash Equivalents:			
Deposits with financial institutions	\$ 8,364,837	\$ 1,637,713	\$ 10,002,550
Florida Prime Fund	<u>20,090,517</u>	<u>217,623</u>	<u>20,308,140</u>
	28,455,354	1,855,336	30,310,690
Investments:			
FL Class	<u>21,295,078</u>	<u>-</u>	<u>21,295,078</u>
Total cash, cash equivalents and investments	<u>\$ 49,750,432</u>	<u>\$ 1,855,336</u>	<u>\$ 51,605,768</u>

2) CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

At September 30, 2022, the bank balances of the Town's cash and cash equivalents included \$10,687,701 of deposits on demand that were held by financial institutions that comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer of Florida. Fiduciary net assets at September 30, 2022 included cash and cash equivalents with a bank balance of \$34,022 on deposit with qualified public depositories. Qualified public depositories are required to pledge collateral to the State Treasurer with a fair value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories in the collateral pool. Accordingly, the Town's deposits at year end are considered to be fully insured.

Investments

The Town's investment policy and Florida Statutes authorize the Town to invest in the Florida Prime Investment Pool; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest bearing time deposits or savings accounts in financial institutions located in Florida and organized under federal or Florida laws; obligations of the federal farm credit banks, or obligations guaranteed by the Government National Mortgage Association; obligations of the Federal National Mortgage Association and any additional investments specifically authorized by Town ordinance or resolution. Pension trust funds are authorized by Town resolution to also invest in insurance company group annuity contracts and self-directed participant accounts holding investments in money market funds, mutual funds, stocks and debt securities of U.S. corporations.

At September 30, 2022, the fair value of cash, cash equivalents and investments of the Town's fiduciary funds included the following:

Pension Trust Funds:	
Cash and cash equivalents	\$ 263,974
Investments – mutual funds	15,422,749
Private-purpose Trust Fund cash and cash equivalents	15,171
Agency Fund cash and cash equivalents	<u>17,214</u>
Total cash, cash equivalents and investments	<u>\$ 15,719,108</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Cash equivalents and U.S. Treasury Bills have a weighted average maturity of less than one year, resulting in minimal interest rate risk. The Town's investment policy does not specifically limit the maturity of investments.

The Florida Prime Investment Pool had a weighted average days to maturity of 21-days, and the weighted average life was 72-days at September 30, 2022. The FL Class Investment Pool had a weighted average days to maturity of 26-days, and the weighted average life was 67-days at September 30, 2022.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations. The Town's investment policy addresses credit risk by limiting allowable investments to the Florida Prime Investment Pool deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. Government, or investments that are otherwise fully collateralized or secured. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk.

2) CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

The NRSRO ratings for the Town's rated investments at September 30, 2022, are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
Florida Prime Investment Pool	AAAm	\$ 20,308,140
FL Class Investment Pool	AAAm	\$ 21,295,078

Custodial Credit Risk

Custodial credit risk is defined as the risk that the Town may not recover the securities held by another party in the event of a financial failure. The Town's investment policy for custodial credit risk requires all investment securities to be held in the Town's name by a third party safekeeping institution. The pension fund investments in mutual funds are considered unclassified pursuant to the custodial credit risk categories of GASB Statement No. 3. All deposits with financial institutions are with qualified public depositories and are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB Statement No. 3.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The Town's investment policy does not address the concentration of credit risk. Pension mutual fund investments generally limit the securities of a single issuer to no more than 5% of the portfolio fair value.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the Town's investments at September 30, 2022.

Limitations or Restrictions on Withdrawals

Florida Prime Investment Pool

With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48-hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15-days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15-days."

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the State Board of Administration to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees.

As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Risks and Uncertainties

The Town's investments include securities and mutual funds which are exposed to various risks, as outlined above. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the amounts reported in the accompanying financial statements.

3) FAIR VALUE MEASUREMENT

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair value measurements of the Town's investments are as follows at September 30, 2022:

Investments by fair value level	September 30, 2022	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Trust Fund investments:				
Debt securities fund types:				
Domestic corporate bonds mutual funds	\$ 1,563,411	\$ 1,563,411	\$ -	\$ -
Total debt securities fund types	<u>1,563,411</u>	<u>1,563,411</u>	-	-
Equity securities fund types:				
Domestic stocks mutual funds	6,917,314	6,917,314	-	-
International stocks mutual funds	<u>1,994,823</u>	<u>1,994,823</u>	-	-
Total equity securities fund types	<u>8,912,137</u>	<u>8,912,137</u>	-	-
Other fund types:				
Domestic & international stocks and bonds mutual funds	4,638,889	4,638,889	-	-
Domestic stocks & bonds mutual	<u>308,312</u>	<u>308,312</u>	-	-
Total other fund types	<u>4,947,201</u>	<u>4,947,201</u>	-	-
Total investments at fair value	<u>\$ 15,422,749</u>	<u>\$ 15,422,749</u>	<u>\$ -</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The investment in FL Class Investment Pool is reported at amortized cost.

4) ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts at September 30, 2022, are summarized as follows:

	<u>Gross Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable</u>
Governmental Activities:			
Due from other governments	\$ 46,986	\$ -	\$ 46,986
Other accounts receivables	<u>10,465</u>	<u>-</u>	<u>10,465</u>
Total governmental activities	<u>57,451</u>	<u>-</u>	<u>57,451</u>
Business-type Activity:			
Customer receivables	1,314,065	(63,775)	1,250,290
Other accounts receivable	608	-	608
Accrued interest receivable	<u>7,959</u>	<u>-</u>	<u>7,959</u>
Total business-type activity	<u>1,322,632</u>	<u>(63,775)</u>	<u>1,258,857</u>
Total accounts receivable	<u>\$ 1,380,083</u>	<u>\$ (63,775)</u>	<u>\$ 1,316,308</u>

5) NOTES RECEIVABLE

The Town has established a program to finance water, wastewater, and irrigation quality water connection charges and administrative costs for customers connecting to the utility system. The Town has financed approximately \$1.1 million of connection charges and related expenses that are payable to the utility system in monthly installments over terms of 20 to 30 years, with interest at rates ranging from 5.25% to 7.5%. The notes receivable are secured by a lien on the benefited properties. At September 30, 2022, the notes receivable totaled \$441,046, of which \$23,562 was current.

6) CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2022, is summarized as follows:

	<u>Balance at Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at End of Year</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 12,001,009	\$ -	\$ -	\$ 12,001,009
Construction in progress	<u>104,961</u>	<u>31,934</u>	<u>(122,756)</u>	<u>14,139</u>
Total capital assets not being depreciated	<u>\$ 12,105,970</u>	<u>\$ 31,934</u>	<u>\$ (122,756)</u>	<u>\$ 12,015,148</u>

6) CAPITAL ASSETS (continued)

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Depreciable capital assets:				
Buildings and improvements	\$ 4,625,291	\$ 107,898	\$ -	\$ 4,733,189
Equipment	3,446,823	381,080	(118,329)	3,709,574
Beach renourishment	64,457,468	-	-	64,457,468
Roads	<u>2,996,175</u>	<u>-</u>	<u>-</u>	<u>2,996,175</u>
Total depreciable capital assets	<u>75,525,757</u>	<u>488,978</u>	<u>(118,329)</u>	<u>75,896,406</u>
Less accumulated depreciation:				
Buildings and improvements	(2,164,592)	(90,503)	-	(2,255,095)
Equipment	(2,410,724)	(359,236)	109,569	(2,660,391)
Beach renourishment	(44,157,667)	(6,724,391)	-	(50,882,058)
Roads	<u>(796,695)</u>	<u>(139,831)</u>	<u>-</u>	<u>(936,526)</u>
Total accumulated depreciation	<u>(49,529,678)</u>	<u>(7,313,961)</u>	<u>109,569</u>	<u>(56,734,070)</u>
Depreciable assets, net of accumulated depreciation	<u>25,996,079</u>	<u>(6,824,983)</u>	<u>(8,760)</u>	<u>19,162,336</u>
Total net governmental activities capital assets	<u>\$ 38,102,049</u>	<u>\$ (6,793,049)</u>	<u>\$ (131,516)</u>	<u>\$ 31,177,484</u>

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 97,828
Public safety	238,282
Building	14,395
Public works	232,408
Environmental	<u>6,731,048</u>
Total governmental activities depreciation expense	<u>\$ 7,313,961</u>

The capital assets activity for the business-type activity for the year ended September 30, 2022, is summarized as follows:

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Business-type Activity:				
Capital assets not being depreciated:				
Land and improvements	\$ 14,390,177	\$ -	\$ -	\$ 14,390,177
Construction in progress	<u>2,105,185</u>	<u>2,469,097</u>	<u>(3,795,189)</u>	<u>779,093</u>
Total capital assets not being depreciated	<u>\$ 16,495,362</u>	<u>\$ 2,469,097</u>	<u>\$ (3,795,189)</u>	<u>\$ 15,169,270</u>

6) CAPITAL ASSETS (continued)

	Balance at Beginning of Year	Increases	Decreases	Balance at End of Year
Depreciable capital assets:				
Buildings and improvements	\$ 10,562,874	\$ 1,781,321	\$ (8,688)	\$ 12,335,507
Water distribution system	35,892,543	662,575	(8,000)	36,547,118
Wastewater collection systems	26,100,193	1,082,126	(194,213)	26,988,106
Wells	6,341,278	306,529	(30,638)	6,617,169
Equipment	<u>9,481,755</u>	<u>381,159</u>	<u>(81,178)</u>	<u>9,781,736</u>
Total depreciable capital assets	<u>88,378,643</u>	<u>4,213,710</u>	<u>(322,717)</u>	<u>92,269,636</u>
Less accumulated depreciation:				
Buildings and improvements	(5,532,565)	(203,495)	5,753	(5,730,307)
Water distribution systems	(12,974,690)	(721,034)	6,000	(13,689,724)
Wastewater collection systems	(11,894,035)	(586,327)	150,113	(12,330,249)
Wells	(2,712,757)	(153,553)	28,484	(2,837,826)
Equipment	<u>(6,519,345)</u>	<u>(530,981)</u>	<u>64,680</u>	<u>(6,985,646)</u>
Total accumulated depreciation	<u>(39,633,392)</u>	<u>(2,195,390)</u>	<u>255,030</u>	<u>(41,573,752)</u>
Depreciable assets, net of accumulated depreciation	<u>48,745,251</u>	<u>2,018,320</u>	<u>(67,687)</u>	<u>50,695,884</u>
Total net business-type activity capital assets	<u>\$ 65,240,613</u>	<u>\$ 4,487,417</u>	<u>\$ (3,862,876)</u>	<u>\$ 65,865,154</u>

7) DERIVATIVE INSTRUMENTS

The Town (on behalf of SMRU) has interest rate swap agreements in effect at September 30, 2022, for the \$9,600,000 Utility System Note Payable, Series 2006 and the Utility System Revenue Refunding Bonds, Series 2020. The fair value balance and notional amount of the derivative instruments outstanding at September 30, 2022, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2022 financial statements are as follows:

	Changes in Fair Value		Fair Value at September 30, 2022		
	Classification	Amount	Classification	Amount	Notional Amount
Business-type activity					
Cash-flow hedge:					
Pay fixed interest rate swap – Series 2006	Deferred Outflow	\$ (1,146,328)	Debt	\$ (562,373)	\$ 9,411,981
Pay fixed interest rate swap – Series 2020	Deferred Inflow	\$ (4,031,213)	Debt	\$ 4,821,138	\$ 27,515,000

Objectives

As a means to lower their borrowing costs and increase savings, when compared against fixed-rate refunding bonds at the time of issuance in December 2006 and July 2020, the Town entered into interest rate swaps in connection with the Series 2006 Note and Series 2020 Bonds. The intention of the swap agreements was to effectively change the variable interest rate on the Series 2006 Note to a synthetic rate of 4.26% and the variable interest rate on the Series 2020 Bonds to a synthetic rate of 1.98%.

7) DERIVATIVE INSTRUMENTS (continued)

Terms, Fair Values and Credit Risk

The following table displays the terms, fair values and credit ratings of the swap as of September 30, 2022:

Series 2006 Note

Type:	Receive-variable/Pay-fixed interest rate swap
Objective:	Hedge of changes in cash flows on the Utility System Note Payable, Series 2006
Notional Amount:	Equivalent to the outstanding principal balance of the Series 2006 Note
Effective Date:	January 12, 2007
Maturity Date:	October 1, 2028
Terms:	Pay 4.26%; receive 63.702% of London Interbank Offered Rate (LIBOR) plus 0.75%
Fair Value:	\$ (562,373)
Counterparty credit rating:	Aa2 by Moody's Investors Services, A- by Standard and Poor's, and AA- by Fitch Ratings

Series 2020 Bonds

Type:	Receive-variable/Pay-fixed interest rate swap
Objective:	Hedge of changes in cash flows on the Utility System Revenue Refunding Bonds, Series 2020
Notional Amount:	Equivalent to the outstanding principal balance of the Series 2020 Bonds
Effective Date:	July 7, 2020
Maturity Date:	October 1, 2040
Terms:	Pay 1.98%; receive 79% of one month LIBOR plus 1.10%
Fair Value:	\$ 4,821,138
Counterparty credit rating:	Baa3 by Moody's Investors Services and BBB+ by Kroll Bond Rating Agency

The Town is exposed to credit risk on hedging derivative instruments that are in asset positions. A potential net asset position for the rate swap agreements will be unsecured and uncollateralized.

Interest Rate Risk

The Town is exposed to interest rate risk on its receive-variable/pay-fixed interest rate swaps. As LIBOR decreases, the Town's net payment on the swaps increases, and conversely, as LIBOR increases, the net payment on the swaps decreases.

Termination Risk

The Town or its counterparty may terminate the derivative instruments if the other party fails to perform under the terms of the contract. If at the time of termination, a derivative instrument is in a liability position, the Town would be liable to the counterparty for a payment equal to the liability.

Rollover Risk

The Town is not exposed to rollover risk on its hedging derivative instruments. The hedging derivative instruments' term extends to the maturity of the hedgeable debt.

8) LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the Water and Wastewater enterprise fund (SMRU) at September 30, 2022, are summarized as follows:

Accounts payable:	
Renewal and replacement account	\$ 23,049
Accrued interest payable and current principal maturities:	
Debt service account	<u>1,016,250</u>
Total liabilities payable from restricted assets	<u>\$ 1,039,299</u>

9) LONG-TERM DEBT

Governmental Activities Debt

On March 20, 2007, the residents of the Town approved a referendum authorizing the issuance of up to \$15 million of general obligation debt to finance the costs of undergrounding the electric distribution system serving the Town. The debt service for the outstanding Series 2007 and 2008 Notes were authorized by the referendum and are payable from ad valorem taxes. The Series 2015 Note Payable and compensated absences are generally liquidated by the General Fund from available non-ad valorem revenues.

Changes in governmental activities long-term debt for the year ended September 30, 2022 are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Compensated absences	\$ 278,294	\$ 355,855	\$ (364,939)	\$ 269,210	\$ 113,571
Note payable, Series 2007	2,156,066	-	(276,694)	1,879,372	286,545
Note payable, Series 2008	3,011,948	-	(325,270)	2,686,678	338,716
Equipment notes payable	60,640	69,000	(28,960)	100,680	28,960
Other postemployment benefits payable	389,432	-	(196,775)	192,657	-
Net pension liability	<u>1,296,882</u>	<u>3,034,077</u>	<u>(425,000)</u>	<u>3,905,959</u>	<u>-</u>
Governmental activity long- term liabilities	<u>\$ 7,193,262</u>	<u>\$ 3,458,932</u>	<u>\$ (1,617,638)</u>	<u>\$ 9,034,556</u>	<u>\$ 767,792</u>

Note Payable, Series 2007

On December 12, 2007, the Town issued a \$5.0 million promissory note payable to a financial institution to finance the electric underground project within the Town and to currently refund the outstanding balance of the Series 2006 Note. Principal and interest at 3.56% are payable in annual installments of \$353,450, commencing December 1, 2008, and due on each December 1st through maturity on December 1, 2027. The Series 2007 Note is payable from, and secured by, a pledge of voter approved property taxes, sufficient to pay all principal and interest on the promissory note.

The principal and interest requirements to maturity for the Note Payable, Series 2007, are as follows:

Year Ending September 30	Principal	Interest	Total
2023	\$ 286,545	\$ 66,905	\$ 353,450
2024	296,746	56,704	353,450
2025	307,183	46,267	353,450
2026	318,246	35,204	353,450
2027	329,575	23,875	353,450
2028	<u>341,077</u>	<u>12,373</u>	<u>353,450</u>
	<u>\$ 1,879,372</u>	<u>\$ 241,328</u>	<u>\$ 2,120,700</u>

Note Payable, Series 2008

On September 24, 2008, the Town issued a \$6.0 million promissory note payable to a financial institution to finance the electric underground project within the Town. Principal and interest at 4.11% are payable in annual installments of \$449,061, commencing December 1, 2009, and due on each December 1st through maturity on December 1, 2028. The Series 2008 Note is payable from, and secured by, a pledge of voter approved property taxes, sufficient to pay all principal and interest on the promissory note.

9) LONG-TERM DEBT (continued)

The principal and interest requirements to maturity for the Note Payable, Series 2008, are as follows:

Year Ending September 30	Principal	Interest	Total
2023	\$ 338,716	\$ 110,345	\$ 449,061
2024	352,637	96,424	449,061
2025	367,130	81,931	449,061
2026	382,219	66,842	449,061
2027	397,928	51,133	449,061
2028-2029	<u>848,048</u>	<u>50,074</u>	<u>898,122</u>
	<u>\$ 2,686,678</u>	<u>\$ 456,749</u>	<u>\$ 3,143,427</u>

Pledged Tax Revenues

The Town has pledged its future ad valorem tax revenues to repay the outstanding Series 2007 and 2008 Notes issued to finance the electric underground project in the Town. The Series 2007 and 2008 Notes are payable solely from the ad valorem tax revenues received by the Town and are payable through December 1, 2028. Annual principal and interest payments on the notes are expected to require less than 11 percent of ad valorem tax revenues. Total principal and interest remaining to be paid on the Series 2007 and 2008 Notes at September 30, 2022, is \$5,264,127. Principal and interest paid and ad valorem tax revenues received for the current year were \$802,511 and \$7,617,754, respectively.

Business-Type Activity Debt

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Bonds payable:					
Revenue refunding bonds:					
Series 2020	\$ 27,515,000	\$ -	\$ (450,000)	\$27,065,000	\$ 495,000
Unamortized premium	<u>732,469</u>	<u>-</u>	<u>(19,517)</u>	<u>712,952</u>	<u>-</u>
Total bonds payable	<u>28,247,469</u>	<u>-</u>	<u>(469,517)</u>	<u>27,777,952</u>	<u>495,000</u>
Notes payable:					
Note payable, Series 2006	9,427,783	-	(15,803)	9,411,980	16,485
Note payable, Series 2007	<u>2,021,493</u>	<u>-</u>	<u>(281,047)</u>	<u>1,740,446</u>	<u>291,456</u>
Total notes payable	<u>11,449,276</u>	<u>-</u>	<u>(296,850)</u>	<u>11,152,426</u>	<u>307,941</u>
Compensated absences	<u>135,151</u>	<u>205,068</u>	<u>(192,250)</u>	<u>147,969</u>	<u>-</u>
Other postemployment benefits payable	<u>290,606</u>	<u>-</u>	<u>(138,637)</u>	<u>151,969</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 40,122,502</u>	<u>\$ 205,068</u>	<u>\$ (1,097,254)</u>	<u>\$39,230,316</u>	<u>\$ 802,941</u>

Utility System Revenue Refunding Bonds Payable, Series 2020

In July 2020, the Town (on behalf of SMRU) issued \$27,515,000 Utility System Revenue Refunding Bonds, Series 2020 (the Series 2020 bonds) for the principal purpose of refunding all of the Town's Series 2010 Bonds. The Series 2020 bonds were dated July 7, 2020, with a variable interest rate of 79% of the 1-month LIBOR plus 110 basis points until maturity on October 1, 2040.

9) LONG-TERM DEBT (continued)

Net proceeds of \$27,515,000 from the Series 2020 Bonds plus \$3,075,364 of sinking fund monies from the Series 2010 Bonds were deposited in an irrevocable trust with an escrow agent on July 7, 2020, and used to purchase U.S. Government securities. Those securities and the interest earnings thereon provided sufficient funds to call and retire \$29,725,000 Series 2010 Bonds on October 1, 2020. As a result, these bonds were considered to be defeased and the liability was removed from the statement of net position.

In connection with the Series 2020 Bonds, the Town entered into a rate conversion agreement with a commercial bank which has the effect of synthetically converting the variable rate borne by the bonds to a fixed rate of 1.98% for the entire term of the bonds.

The future principal and interest requirements for the Series 2020 bonds to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 495,000	\$ 535,887	\$ 1,030,887
2024	540,000	526,086	1,066,086
2025	590,000	515,394	1,105,394
2026	-	503,712	503,712
2027	165,000	503,712	668,712
2028-2032	5,815,000	2,353,428	8,168,428
2033-2037	9,920,000	1,550,241	11,470,241
2038-2041	<u>9,540,000</u>	<u>481,635</u>	<u>10,021,635</u>
	<u>\$ 27,065,000</u>	<u>\$ 6,970,095</u>	<u>\$ 34,035,095</u>

Utility System Note Payable, Series 2006

On December 29, 2006, the Town (on behalf of SMRU) issued a \$9.6 million Utility System Note Payable, Series 2006 (the "Series 2006 Note"), to a local financial institution for the purpose of advance refunding \$9,355,000 of the Utility System Revenue Bonds, Series 1998, and to pay certain costs of issuance with respect to the Series 2006 Note and certain costs of issuance with respect to the refunding on January 12, 2007. Principal on the Series 2006 Note is due annually on October 1 and interest is payable monthly at a rate equivalent to 63.7% of the one month London Interbank Offered Rate (LIBOR) plus .75% (3.37% at September 30, 2022). The Series 2006 Note is secured by a pledge of the Town to budget non-ad valorem revenues for repayment of the Series 2006 Note.

The future principal and interest requirements for the Series 2006 Note to maturity assume that current interest rates on the variable rate note and the current reference rate of the hedging derivative instrument will remain the same for their term.

Year Ending September 30,	Variable-Rate Note			Total
	Principal	Interest	Interest Rate Swap, Net	
2023	\$ 16,485	\$ 109,293	\$ 296,871	\$ 422,649
2024	17,197	91,013	315,534	423,744
2025	16,830	72,249	332,453	421,532
2026	723,668	52,990	335,762	1,112,420
2027	2,759,673	33,221	280,425	3,073,319
2028-2029	<u>5,878,127</u>	<u>13,076</u>	<u>244,211</u>	<u>6,135,414</u>
	<u>\$ 9,411,980</u>	<u>\$ 371,842</u>	<u>\$ 1,805,256</u>	<u>\$ 11,589,078</u>

9) LONG-TERM DEBT (continued)

Utility System Note Payable, Series 2007

On December 12, 2007, the Town (on behalf of SMRU) issued a \$5.0 million Utility System Promissory Note, Series 2007 (the "Series 2007 Note"), to a local financial institution to finance the cost of improvements to the utility system. Principal and interest at 3.67% are payable in semi-annual installments of \$176,345 on April 1 and October 1 through maturity on October 1, 2027. The Series 2007 Note is secured by a pledge of the Town's non-ad valorem revenue and a pledge of the Town to budget non-ad valorem revenues for repayment of the Series 2007 Note. The future principal and interest requirements for the Series 2007 Note to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2023	\$ 291,456	\$ 61,234	\$ 352,690
2024	302,120	50,570	352,690
2025	313,440	39,250	352,690
2026	325,049	27,641	352,690
2027	337,087	15,603	352,690
2028	<u>171,294</u>	<u>3,152</u>	<u>174,446</u>
	<u>\$ 1,740,446</u>	<u>\$ 197,450</u>	<u>\$ 1,937,896</u>

Legal Requirements

The Utility System Revenue Refunding Bonds, Series 2020 were authorized by Town Resolution No. 843, adopted on March 20, 2020, and generally provide for the following covenants:

1. Annual debt service funding by monthly transfers of cash to a debt service account.
2. Maintain a renewal and replacement cash reserve set at 5% of the previous year's gross revenue, or such amount as determined by a certified engineer.
3. Investing of cash reserves in time deposits, direct obligations of the U.S. government or other authorized investments with varying maturity restrictions.
4. Establishment of rates and charges sufficient to provide net revenues of at least 120% of the annual debt service on the outstanding bonds and any subordinated indebtedness.
5. The use of cash and investments are generally restricted to the following priority: operation and maintenance, debt service, reserves, renewal and replacement, and any other lawful purpose.

Pledged Utility Revenues

The Town has pledged the future net revenues (generally customer revenues, net of specific operating expenses) of the utility system to repay the outstanding Series 2020 Bonds issued to finance the acquisition and subsequent improvements to the utility system. The Series 2020 Bonds are payable solely from the utility net revenues and are payable through 2041. Annual principal and interest payments on the Series 2020 Bonds are expected to require approximately 29 percent of utility net revenues. Total principal and interest remaining to be paid on the Series 2020 Bonds at September 30, 2022, is \$34,035,095.

Pledged Non-ad Valorem Revenues

The Town has pledged the future non-ad valorem revenues of its Governmental Funds to repay the outstanding Series 2006 and Series 2007 Utility System Notes Payable issued to finance improvements to the utility system. The Town intends to pay the Series 2006 and Series 2007 Notes from the net revenues of the utility system through maturity on October 1, 2029.

9) LONG-TERM DEBT (continued)

Annual principal and interest payments on the Notes constitute a pledge of approximately 20 percent of the Town's non-ad valorem revenues until 2025 and approximately 73 percent thereafter until maturity. Total principal and interest remaining to be paid on the Series 2006 and Series 2007 Notes at September 30, 2022, is \$13,526,970. Principal and interest paid by the utility system and non-ad valorem revenues pledged for the current year were \$761,053 and \$3,838,902, respectively.

Annual Maturities

As of September 30, 2022, aggregate debt service requirements of the Town's debt (fixed-rate and variable-rate) and net receipts/payments on the associated hedging derivative instrument are as follows. These amounts assume that current interest rates and the current reference rates of the hedging derivative instrument will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instrument will vary. Refer to Note 7 for information on derivative instruments.

Year Ending September 30,	Principal	Interest	Interest Rate Swap, Net	Total
2023	\$ 1,457,162	\$ 883,664	\$ 296,871	\$ 2,637,697
2024	1,537,660	820,797	315,534	2,673,991
2025	1,623,543	755,091	332,453	2,711,087
2026	1,762,982	686,389	335,762	2,785,133
2027	3,989,263	627,544	280,425	4,897,232
2028-2032	13,053,546	2,432,103	244,211	15,729,860
2033-2037	9,920,000	1,550,241	-	11,470,241
2038-2041	<u>9,540,000</u>	<u>481,635</u>	<u>-</u>	<u>10,021,635</u>
	<u>\$ 42,884,156</u>	<u>\$ 8,237,464</u>	<u>\$ 1,805,256</u>	<u>\$ 52,926,876</u>

For the year ended September 30, 2022, the Town incurred and expensed total interest charges of \$181,192 in the governmental activities. Interest charges incurred for the business-type activity totaled \$990,339 which was expensed.

10) FUND BALANCE

In the fund financial statements, governmental funds report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds may be spent. The classifications are as follows:

	General Fund	Beach Protection Fund	Nonmajor Governmental Funds
Nonspendable:			
Prepaid items	\$ 71,269	\$ 1,050	\$ -
Restricted:			
Beach protection	-	15,563,881	-
Fiscal recovery	312,393	-	-
Debt repayment	-	-	131,665
Public safety	-	-	2,413
Total restricted	<u>312,393</u>	<u>15,563,881</u>	<u>134,078</u>
Assigned:			
Emergencies	1,000,000	-	-
Compensated absences	115,000	-	-
Uninsured losses and other payments	80,000	-	-
Conservation	431,990	-	-
Beautification and maintenance	163,698	-	-
Criminal justice education and training	<u>93</u>	<u>-</u>	<u>-</u>
Total assigned	<u>1,790,781</u>	<u>-</u>	<u>-</u>
Unassigned	<u>8,836,382</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 11,010,825</u>	<u>\$ 15,564,931</u>	<u>\$ 134,078</u>

11) RESTRICTED NET POSITION

Assets of the Enterprise Fund were restricted for the following purposes as required by the Town's outstanding revenue refunding bonds at September 30, 2022:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Debt service account	\$ 1,016,250	\$ 1,016,250	\$ -
Renewal and replacement account	<u>839,086</u>	<u>23,049</u>	<u>816,037</u>
	<u>\$ 1,855,336</u>	<u>\$ 1,039,299</u>	<u>\$ 816,037</u>

Net position is restricted for the debt service account, debt service reserve account, renewal and replacement account and capital improvement account to the extent that restricted assets exceed the respective liabilities payable from restricted assets.

12) INTERFUND TRANSACTIONS

Interfund receivables and payables at September 30, 2022, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Utility Enterprise Fund	\$ 24,199

The interfund receivables and payables are attributable to reimbursements due to various funds for the disbursement of monies initially made from it that are properly applicable to another fund.

13) CAPITAL CONTRIBUTIONS

The capital contributions to the Water and Wastewater enterprise fund (SMRU) for the year ended September 30, 2022 consisted of connection and other fees of \$611,655. This amount represented \$303,420 for water connections and \$308,235 for wastewater connections.

14) DEFINED BENEFIT PENSION PLAN

Description of the Plan

The Town contributes to a Defined Benefit Pension Plan for Employees of the Town of Jupiter Island (the "Plan"), a single employer plan covering substantially all Town employees not covered by the Town's defined contribution pension plans. The plan is administered by the Town and accounted for as a separate fund. The fiduciaries of the plan consist of the Town Commission and the Committee for the Plan. The Committee for the Plan consists of five individuals appointed by the Town Commission.

The Plan was frozen as of October 1, 2009. Credited service, eligibility service, and average final compensation was frozen for all members except the fourteen (14) employees who were within 5.5 years of age 65 or age 55 with 25 years of service as of that date. Those 14 employees will continue to earn credit toward eligibility for an unreduced early retirement pension benefit. Freezing the Plan decreased the unfunded actuarial liability from \$416,793 to \$95,580.

On April 7, 2016, the Town approved a one-time Early Retirement Incentive Program for eligible employees. To be eligible, employees were required, as of January 31, 2016, to 1) meet the age and service conditions for normal retirement under the frozen Group Retirement Plan, 2) meet the age and service conditions for early retirement under the Retirement Plan, or 3) have completed at least 20-years of employment with the Town, and 4) agree to permanently retire from employment from the Town effective no later than September 30, 2016. The Plan Amendment resulted in an increase in the Town's unfunded actuarially accrued liability in the amount of \$536,779.

At September 30, 2022, the actuarial value of plan assets was greater than the market value of plan assets by \$1,085,026.

The benefit provisions and all other requirements of the Defined Benefit Pension Plan are established by Town ordinance and are summarized as follows:

Plan Eligibility – Full-time employees who are at least age 21 with one year of continuous service.

Vesting – Benefits vest after five years of credited service.

14) DEFINED BENEFIT PENSION PLAN (continued)

Eligibility Requirements and Annual Retirement Benefit:

Normal Retirement – later of age 65 and completion of five years of service. 3% of Final Average Compensation times years of Credited Service.

Reduced Early Retirement – later of age 55 with ten years of credited service. Normal Retirement Benefit reduced by 1/15th per year for the first five years and 1/30th per year for the next five years that the Early Retirement Date precedes the Normal Retirement Date.

Unreduced Early Retirement – later of age 55 with twenty-five years of Credited Service. Normal Retirement Benefit unreduced for Early Retirement.

Other Benefits – The Plan also provides for disability and death benefits.

Plan Membership

Participant data as of October 1, 2022, the date of the most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	43
Terminated plan members vested but not yet receiving benefits	16
Active plan members	<u>7</u>
Total	<u>66</u>

Investments

The Pension Committee develops and recommends the plan's investment policy statement which is adopted by the Town Commission. The Town's long-term investment objective is to achieve and maintain a fully funded status with regard to current pension liabilities. The following was the asset allocation strategy as of September 30, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Growth:	
Domestic Equity	40%
International Equity	20%
Absolute Return	10%
Real Return	5%
Income	20%
Reserves	<u>5%</u>
Total	<u>100%</u>

The following investments represent 5% or more of the defined benefit plan's fiduciary net position at September 30, 2022:

<u>Mutual Fund</u>	<u>Amount</u>
AMG Yacktman Fund	\$ 592,443
Baird Ultra Short Bond Institutional	\$ 846,937
Chiron Capital Allocation I	\$ 677,304
Dodge & Cox Income Fund	\$ 708,144
First Eagle Global I	\$ 654,151
Vanguard Total Stock Market	\$ 1,376,275

14) DEFINED BENEFIT PENSION PLAN (continued)

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the Town as of September 30, 2022, were as follows:

Total pension liability	\$ 12,959,280
Plan fiduciary net position	<u>9,053,321</u>
Town's net pension liability	\$ 3,905,959
Plan fiduciary net position as a percentage of the total pension liability	69.86%

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

<u>Actuarial valuation date</u>	<u>September 30, 2022</u>
Discount rate	5.5%
Investment rate of return	5.5%
Projected salary increases, including inflation	3.0%

Discount Rate

The discount rate used to measure the total pension liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality Rates

The mortality rates were based on the Pub-2010 General Headcount-Weighted Male and Female, projected generationally with MP-2020 table projected to the valuation date by Scale BB.

Changes in Assumptions

The discount rate and investment rate of return was changed from 6.0% to 5.5%.

Changes in Methods

There were no changes in methods.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 5.5 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% lower (4.5%) or 1% higher (6.5%) than the current rate:

Total Pension Liability (1% Decrease – 4.5%)	\$ 14,207,637
Total Pension Liability (Current Rate)	\$ 12,959,280
Total Pension Liability (1% Increase – 6.5%)	\$ 11,894,295

14) DEFINED BENEFIT PENSION PLAN (continued)

Changes in Net Pension Liability

	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at October 1, 2021	\$ 12,669,005	\$ 11,372,123	\$ 1,296,882
Changes for the year:			
Service cost	10,668	-	10,668
Interest on total pension liability	728,231	-	728,231
Actuarial gains/(losses), net	83,298	-	83,298
Change in assumptions	553,073	-	553,073
Contributions – employer	-	425,000	(425,000)
Net investment income	-	(1,645,507)	1,645,507
Benefit payments	(1,084,995)	(1,084,995)	-
Administrative expenses	-	(13,300)	13,300
Net changes	<u>290,275</u>	<u>(2,318,802)</u>	<u>2,609,077</u>
Balances at September 30, 2022	\$ <u>12,959,280</u>	\$ <u>9,053,321</u>	\$ <u>3,905,959</u>

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2022, the Town recognized pension expense of \$242,388. On September 30, 2022, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 23,851	\$ -
Net difference between projected and actual investment earnings	2,052,337	917,388
Changes of assumptions	<u>158,363</u>	<u>-</u>
Total	<u>\$ 2,234,551</u>	<u>\$ 917,388</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	Amount
2023	\$ 434,506
2024	\$ 255,617
2025	\$ 166,270
2026	\$ 460,770
2027	\$ -
Thereafter	\$ -

15) DEFINED CONTRIBUTION PENSION PLANS

The Town of Jupiter Island Retirement Plan for SMRU Operations Employees

This plan is a voluntary 401(a) defined contribution pension plan established for the employees of the Town's Utility System (SMRU). The Plan was effective October 1, 2007. The Town employees cannot contribute to the Plan. The Town contributes 10.0% of the employees' annual compensation. Effective October 1, 2018, the Town also contributes a matching contribution, on a dollar-for-dollar basis, of the participant's contributions to the Town of Jupiter Island 457 Plan (the 457 Plan) up to 5% of eligible compensation.

15) DEFINED CONTRIBUTION PENSION PLANS (continued)

The contributions vest 100% in year three. Employer contributions to the Plan for the year ended September 30, 2022 were \$276,088. Plan investments are fully participant directed. Plan provisions and contribution requirements are established by the Town Commission and may be amended by future Commission action.

The Town of Jupiter Island 401(a) Plan

This plan is a voluntary 401(a) defined contribution pension plan established for the employees of the Town, except SMRU employees. The Plan was effective October 1, 2009. The Town employees cannot contribute to the Plan. The Town contributes 10.0% of the employees' annual compensation. The Town also contributes a matching contribution, on a dollar-for-dollar basis, of the participant's contributions to the Town of Jupiter Island 457 Plan (the 457 Plan) up to 5% of eligible compensation. In the initial plan year beginning October 1, 2009, the Town matched the amount contributed by the participants to the 457 Plan at the rate of two dollars for each dollar up to a maximum match of 2.5% of compensation. The contributions vest 100% in year three. Employer contributions to the Plan for the year ended September 30, 2022, were \$512,548. Plan investments are fully participant directed. Plan provisions and contribution requirements are established by the Town Commission and may be amended by future Commission action.

Pension Plan Financial Statements

The Town's Defined Benefit Pension Plan, SMRU Defined Contribution Pension Plan, and the Town's Defined Contribution Pension Plan do not issue stand-alone GAAP financial reports. Accordingly, the Town is required to present separate financial statements for each plan in the notes to the financial statements. Financial statements for the Town's Defined Benefit Pension Plan, SMRU Defined Contribution Pension Plan, and the Town's Defined Contribution Pension Plan as of and for the year ended September 30, 2022, are as follows:

	Statements of Fiduciary Net Position			
	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total
Assets:				
Cash and cash equivalents	\$ 263,974	\$ -	\$ -	\$ 263,974
Investments – mutual funds	8,784,358	2,573,634	4,064,757	15,422,749
Unallocated cash in transit	-	27,101	11,873	38,974
Employer contributions receivable	106,250	-	2,702	108,952
Loans receivable	-	23,959	73,765	97,724
Total assets	<u>\$ 9,154,582</u>	<u>\$ 2,624,694</u>	<u>\$ 4,153,097</u>	<u>\$ 15,932,373</u>
Liabilities:				
Accrued benefits and other liabilities	\$ -	\$ -	\$ -	\$ -
Net position:				
Net position restricted for pensions	<u>\$ 9,154,582</u>	<u>\$ 2,624,694</u>	<u>\$ 4,153,097</u>	<u>\$ 15,932,373</u>

15) DEFINED CONTRIBUTION PENSION PLANS (continued)

	Statements in Fiduciary Net Position			Total
	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	
Additions:				
Employer contributions	\$ 425,000	\$ 276,088	\$ 512,548	\$ 1,213,636
Investment income	<u>(1,638,112)</u>	<u>(616,944)</u>	<u>(920,180)</u>	<u>(3,175,236)</u>
Total additions	<u>(1,213,112)</u>	<u>(340,856)</u>	<u>(407,632)</u>	<u>(1,961,600)</u>
Deductions:				
Payments to retirees and employees	1,004,423	357,396	296,436	1,658,255
Investment fee expense	<u>20,695</u>	<u>532</u>	<u>1,387</u>	<u>22,614</u>
Total deductions	<u>1,025,118</u>	<u>357,928</u>	<u>297,823</u>	<u>1,680,869</u>
Change in net position	(2,238,230)	(698,784)	(705,455)	(3,642,469)
Net position, beginning of year	<u>11,392,812</u>	<u>3,323,478</u>	<u>4,858,552</u>	<u>19,574,842</u>
Net position, end of year	<u>\$ 9,154,582</u>	<u>\$ 2,624,694</u>	<u>\$ 4,153,097</u>	<u>\$ 15,932,373</u>

16) OTHER POSTEMPLOYMENT BENEFITS

The Town is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. The Town does not provide retirees with any subsidy for this benefit.

Plan Description

The Town administers a single-employer defined benefit health care plan (the “Plan”) that provides health care benefits to eligible retired employees and their beneficiaries. The Town Commission has the authority to establish and amend the premiums for and the benefit provisions of the Plan. The Plan is financed on a “pay-as-you-go” basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report.

Benefits Provided

The Town provides healthcare coverage for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits are covered by the retiree.

As of September 30, 2022, the following employees were covered by benefit terms:

Inactive employees currently receiving benefits	2
Active employees	<u>69</u>
Total	<u>71</u>

16) OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Contributions

The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the full cost of the premium. The Town does not subsidize member premiums. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$755 to a maximum of \$2,418.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2021 rolled forward to September 30, 2022, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise noted:

Actuarial Cost Method:	Entry Age Normal
Discount rate	4.77%
Inflation	3.00%
Salary rate increase	5.00%
Healthcare cost trend rates	7.40% initial, decreasing 0.21% per year to 4.50% for years FY 38 and later
Mortality	PubG.H-2010 Mortality Table - General with Mortality Improvement using Scale MP-2020

Discount Rate

The Town does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 4.77% is used, which is the S&P Municipal Bond 20-Year High-Grade Rate Index as of September 30, 2022.

Changes in Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at October 1, 2021	\$ 680,038	\$ -	\$ 680,038
Changes for the year:			
Service cost	40,305	-	40,305
Interest on total OPEB liability	16,291	-	16,291
Difference between expected and actual Experience	(331,918)	-	(331,918)
Change of assumptions and other inputs	(40,870)	-	(40,870)
Benefit payments	(19,220)	-	(19,220)
Net changes	(335,412)	-	(335,412)
Balances at September 30, 2022	\$ 344,626	\$ -	\$ 344,626

16) OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current discount rate:

Net OPEB Liability (1% Decrease – 3.77%)	\$ 365,749
Net OPEB Liability (Current Rate – 4.77%)	\$ 344,626
Net OPEB Liability (1% Increase – 5.77)	\$ 325,135

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percent lower or 1 percent higher than the current healthcare cost rate:

Net OPEB Liability (1% Decrease – 6.4%)	\$ 317,298
Net OPEB Liability (Current Rate – 7.4%)	\$ 344,626
Net OPEB Liability (1% Increase – 8.4 %)	\$ 376,450

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended September 30, 2022, the Town recognized OPEB expense of \$40,528. On September 30, 2022, the Town reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 94,035	\$ 328,344
Changes of assumptions	<u>145,109</u>	<u>123,926</u>
Total	<u>\$ 239,144</u>	<u>\$ 452,270</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Deferred Outflows	Deferred Inflows
2023	\$ 42,582	\$ 58,651
2024	42,582	58,651
2025	42,582	58,651
2026	42,582	58,651
2027	42,582	58,651
Thereafter	<u>26,234</u>	<u>159,015</u>
Total	<u>\$ 239,144</u>	<u>\$ 452,270</u>

17) COMMITMENTS AND CONTINGENCIES

Fire Rescue Services

The Town receives fire rescue services from Martin County, Florida, through an interlocal agreement. The original term of the agreement was five years from October 1, 2010 to September 30, 2015, and the agreement was extended through September 30, 2022. In June 2022, the agreement was extended through September 30, 2027. The cost of the services provided by Martin County totaled \$799,101 for the year ended September 30, 2022.

The future minimum required payments for fire rescue services are as follows:

Year Ending September 30,	Deferred Inflows
2023	\$ 1,000,000
2024	1,030,000
2025	1,060,900
2026	1,092,727
2027	<u>1,125,509</u>
Total	<u>\$ 5,309,136</u>

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Town for the return of those funds.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenue:				
Taxes:				
Ad valorem property taxes	\$ 6,777,468	\$ 6,777,468	\$ 6,811,291	\$ 33,823
Local option gas tax	150,000	150,000	210,254	60,254
Communications tax	<u>70,000</u>	<u>70,000</u>	<u>103,714</u>	<u>33,714</u>
Total taxes	<u>6,997,468</u>	<u>6,997,468</u>	<u>7,125,259</u>	<u>127,791</u>
Licenses and permits:				
Building permits	850,000	850,000	1,791,450	941,450
Alarm permit fee	1,500	1,500	30	(1,470)
Occupational licenses	<u>500</u>	<u>500</u>	<u>1,184</u>	<u>684</u>
Total licenses and permits	<u>852,000</u>	<u>852,000</u>	<u>1,792,664</u>	<u>940,664</u>
Intergovernmental revenue:				
Payment in lieu of taxes	20,000	20,000	17,117	(2,883)
FEMA reimbursement	-	-	10,524	10,524
Federal grant revenue - ARPA	-	232,647	465,293	232,646
State shared revenue:				
Half-cent sales tax	85,000	85,000	119,501	34,501
State revenue sharing	22,800	22,800	33,868	11,068
Fuel tax refund	3,000	3,000	3,825	825
Firefighters supplemental	-	-	11,355	11,355
Radon fees	<u>1,200</u>	<u>1,200</u>	<u>4,411</u>	<u>3,211</u>
Total intergovernmental revenue	<u>132,000</u>	<u>364,647</u>	<u>665,894</u>	<u>301,247</u>
Charges for services:				
Other public safety charges and fees	10,000	78,600	68,723	(9,877)
Brush charges	85,000	85,000	64,000	(21,000)
Board of Adjustment fees	11,000	11,000	16,000	5,000
Impact review fees	<u>15,000</u>	<u>15,000</u>	<u>39,000</u>	<u>24,000</u>
Total charges for services	<u>121,000</u>	<u>189,600</u>	<u>187,723</u>	<u>(1,877)</u>
Fines and forfeitures:				
Fines and forfeitures	<u>3,600</u>	<u>3,600</u>	<u>2,158</u>	<u>(1,442)</u>
Investment income	<u>30,200</u>	<u>30,200</u>	<u>82,536</u>	<u>52,336</u>
Contributions	<u>-</u>	<u>-</u>	<u>31,473</u>	<u>31,473</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue, continued				
Miscellaneous				
Lease income	\$ 24,913	\$ 24,913	\$ 24,923	\$ 10
Administrative service fees	-	-	564	564
Refund	-	-	2,404	2,404
Miscellaneous	20,000	20,000	17,245	(2,755)
Administrative charges:				
Beach Protection District	101,000	101,000	106,200	5,200
Administrative charges:				
Utility Fund	<u>485,000</u>	<u>485,000</u>	<u>495,552</u>	<u>10,552</u>
Total miscellaneous	<u>630,913</u>	<u>630,913</u>	<u>646,888</u>	<u>15,975</u>
Total revenue	<u>8,767,181</u>	<u>9,068,428</u>	<u>10,534,595</u>	<u>1,466,167</u>
Expenditures:				
Administration:				
Personal services:				
Regular salaries and wages	860,000	860,000	764,679	95,321
Other salaries and wages	10,500	163,147	152,900	10,247
FICA taxes	45,933	55,000	54,771	229
Medicare taxes	10,086	13,500	13,410	90
Overtime	500	500	487	13
Education supplement	6,000	6,000	-	6,000
Auto allowance	24,097	24,097	17,862	6,235
Pension contributions - DBP	82,495	82,495	82,495	-
Pension contributions	125,750	112,000	111,404	596
Health insurance	130,100	120,000	117,356	2,644
Long-term disability insurance	2,800	2,800	2,186	614
Dental insurance	2,500	2,500	1,970	530
Life insurance	3,600	3,600	3,038	562
Cafeteria plan insurances	13,250	13,600	13,586	14
Short-term disability	1,800	1,800	1,779	21
Workers compensation insurance	1,700	1,350	900	450
Employees assistance program	<u>220</u>	<u>220</u>	<u>118</u>	<u>102</u>
Total personal services	<u>1,321,331</u>	<u>1,462,609</u>	<u>1,338,941</u>	<u>123,668</u>
Operating expenditures:				
Professional services - legal/employees	80,000	30,000	27,310	2,690
Professional services - legal/general	90,000	60,000	50,432	9,568

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration, continued				
Operating expenditures-				
legal/pension	\$ 7,000	\$ 2,500	\$ 2,044	\$ 456
Professional services - codification	2,500	5,500	4,508	992
Professional services - business	10,000	10,000	7,595	2,405
Professional services - audit/actuarial	41,000	41,000	21,019	19,981
Professional services - financial	48,000	77,000	76,802	198
Professional services - accounting	6,000	6,000	4,996	1,004
Professional services - public relations	10,000	7,000	6,475	525
Contract services - archives	6,000	6,000	5,291	709
Contract services - information technology	22,000	38,000	33,230	4,770
Contracted services - website	1,000	1,000	-	1,000
Travel and per diem	6,500	4,000	3,422	578
Office supplies	8,000	5,000	4,459	541
Personnel training	6,500	6,500	2,252	4,248
Personnel services	8,000	3,000	2,626	374
Postage	10,000	8,500	8,129	371
Telephone	32,500	48,000	47,282	718
Legal advertising	6,000	6,000	1,313	4,687
Utilities - electric	12,000	14,169	13,714	455
Utilities - water	3,000	3,000	1,559	1,441
Liability and bond insurance	120,000	155,500	134,474	21,026
Repair and maintenance - equipment	5,000	5,000	-	5,000
Repair and maintenance - building	18,000	32,500	32,299	201
Equipment maintenance	1,000	1,000	64	936
Printing and binding	3,500	3,500	3,437	63
Other miscellaneous charges	6,000	7,500	7,161	339
Bank charges	500	500	127	373
Bad debt	-	500	416	84
Emergency preparation	3,000	3,000	389	2,611
Computer supplies	11,500	7,000	6,652	348
Lease - copier	4,500	2,000	1,852	148
Gasoline, diesel and oil	2,000	2,000	-	2,000
Small tools and equipment	500	600	597	3
Supplies	-	100	60	40
Books, publications and subscriptions	7,000	7,000	2,755	4,245
	<u>598,500</u>	<u>609,869</u>	<u>514,741</u>	<u>95,128</u>
Total operating expenditures	<u>598,500</u>	<u>609,869</u>	<u>514,741</u>	<u>95,128</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration, continued				
Capital outlay:				
Machinery and equipment	\$ 25,000	\$ 105,000	\$ 14,876	\$ 90,124
Total capital outlay	25,000	105,000	14,876	90,124
Other uses:				
Contingency	50,000	50,000	-	50,000
Total other uses	50,000	50,000	-	50,000
Total administration	1,994,831	2,227,478	1,868,558	358,920
Public safety:				
Personal services:				
Regular salaries and wages	2,075,000	2,143,600	2,032,005	111,595
FICA taxes	134,841	134,841	131,552	3,289
Medicare taxes	31,535	31,534	30,958	576
Overtime	84,000	116,000	115,901	99
Health insurance	490,320	370,000	367,004	2,996
Long-term disability insurance	6,500	6,500	6,272	228
Dental insurance	8,200	8,200	7,223	977
Life insurance	12,000	12,000	8,860	3,140
Cafeteria Plan/HRA	44,500	44,500	39,354	5,146
Short-term disability	5,500	5,500	5,104	396
Workers compensation insurance	30,000	30,000	29,686	314
Unemployment compensation	4,000	4,000	216	3,784
Employees assistance program	640	640	388	252
Telephone allowance	8,660	8,660	8,347	313
Clothing and shoe allowance	4,200	4,200	3,900	300
Auto allowance	3,000	1,000	496	504
Pension contributions - DBP	215,955	215,956	215,955	1
Pension contributions - DCP	311,250	280,195	271,773	8,422
Total personal services	3,470,101	3,417,326	3,274,994	142,332
Operating expenditures:				
Contract services - ALS	825,000	816,000	809,287	6,713
Contract services - information technology	19,000	31,000	30,989	11
Contract services - general operations	15,000	7,475	5,296	2,179
Investigations	2,000	6,000	5,516	484
Travel and per diem	4,000	4,000	132	3,868
Utilities - electric	12,000	13,000	12,083	917
Utilities - water	3,600	5,000	4,904	96

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety, continued				
Operating expenditures, continued				
Telephone	\$ 45,000	\$ 45,000	\$ 11,112	\$ 33,888
Lease - copier	2,700	2,700	2,128	572
Repair and maintenance - building	10,000	40,000	38,696	1,304
Vehicle maintenance - police	16,000	22,000	20,747	1,253
Vehicle maintenance - fire	3,500	3,500	-	3,500
Equipment maintenance - police	5,000	9,000	7,852	1,148
Equipment maintenance - fire	3,000	3,000	1,469	1,531
Equipment maintenance - security	24,000	24,000	20,575	3,425
Other miscellaneous charges	3,000	6,000	5,301	699
Patrol boats maintenance	10,000	11,000	10,434	566
Accreditation expense	5,000	9,000	8,310	690
Office supplies	8,000	8,000	3,798	4,202
Computer supplies	10,000	10,000	3,685	6,315
Gasoline, diesel and oil	60,000	70,000	67,054	2,946
Uniforms	7,000	12,000	11,259	741
Uniforms - cleaning	3,600	3,600	2,486	1,114
Small tools and equipment - police	2,000	8,000	7,764	236
Small tools and equipment - fire	500	1,000	797	203
Small tools and equipment - OPS	1,500	3,000	2,983	17
Supplies - police	10,000	17,000	16,841	159
Supplies - fire	4,000	4,000	248	3,752
Supplies - EMT	4,000	4,000	1,309	2,691
Books, publications and subscriptions	2,000	2,000	1,500	500
Personnel training - police	7,500	7,500	5,016	2,484
Personnel training - fire	4,000	4,000	2,652	1,348
Personnel training - EMT	3,200	3,200	709	2,491
Personnel services	2,000	2,000	516	1,484
Total operating expenditures	<u>1,137,100</u>	<u>1,216,975</u>	<u>1,123,448</u>	<u>93,527</u>
Capital outlay:				
Machinery and equipment - police	<u>144,500</u>	<u>186,000</u>	<u>185,655</u>	<u>345</u>
Total capital outlay	<u>144,500</u>	<u>186,000</u>	<u>185,655</u>	<u>345</u>
Total public safety	<u>4,751,701</u>	<u>4,820,301</u>	<u>4,584,097</u>	<u>236,204</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Building:				
Personal services:				
Regular salaries and wages	\$ 288,364	\$ 288,364	\$ 276,868	\$ 11,496
Overtime	500	500	83	417
Auto allowance	6,000	6,250	6,023	227
FICA taxes	18,282	18,282	17,637	645
Medicare taxes	4,276	4,276	4,125	151
Pension contributions - DBP	50,390	50,390	50,390	-
Pension contributions - DCP	40,250	40,250	33,742	6,508
Health insurance	56,900	60,000	59,179	821
Long-term disability insurance	900	900	821	79
Dental insurance	1,400	1,000	985	15
Life insurance	1,800	1,800	1,154	646
Cafeteria plan	5,475	5,475	5,475	-
Short-term disability	800	800	543	257
Workers' compensation	1,600	2,000	1,799	201
Employees' Assistance Program	100	100	51	49
Total personal services	<u>477,037</u>	<u>480,387</u>	<u>458,875</u>	<u>21,512</u>
Operating expenditures:				
Professional services - legal	50,000	400,000	396,808	3,192
Professional services - comp plan	20,000	20,000	-	20,000
Professional services - experts (boards)	2,000	10,000	9,334	666
Professional services - engineering	5,000	6,500	6,436	64
Professional services - business	70,000	100,000	98,928	1,072
Contract services - archives management	8,000	8,000	5,643	2,357
Contract services - information technology	4,000	4,000	3,431	569
Legal advertising	3,000	3,000	-	3,000
Contracted services - web site	1,000	-	-	-
Travel and per diem	3,000	-	-	-
Postage	1,000	2,500	2,499	1
Telephone	3,000	4,500	4,355	145
Lease - copier	8,000	5,000	4,284	716
Printing and binding	1,000	1,500	1,143	357
Other miscellaneous charges	3,000	1,000	952	48
Emergency preparation	1,500	1,500	-	1,500
Mangrove management	50	50	-	50
Office supplies	2,500	3,500	3,274	226
Computer supplies	-	1,750	1,535	215
Uniforms	300	300	285	15
Small tools and equipment	500	500	79	421
Books, publications and subscriptions	1,000	900	604	296
Personnel training	1,500	1,500	718	782
Total operating expenditures	<u>189,350</u>	<u>576,000</u>	<u>540,308</u>	<u>35,692</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Building, continued				
Capital outlay:				
Machinery and equipment	\$ 15,000	\$ 10,000	\$ 9,502	\$ 498
Total capital outlay	<u>15,000</u>	<u>10,000</u>	<u>9,502</u>	<u>498</u>
Total building	<u>681,387</u>	<u>1,066,387</u>	<u>1,008,685</u>	<u>57,702</u>
Solid waste:				
Personal services:				
Regular salaries and wages	500,000	542,000	541,925	75
Overtime	12,000	14,000	13,538	462
FICA taxes	31,418	34,000	33,896	104
Medicare taxes	7,348	8,000	7,927	73
Pension contributions - DBP	66,000	62,000	61,763	237
Pension contributions - DCP	73,000	73,000	72,079	921
Health insurance	206,280	160,000	154,538	5,462
Long-term disability insurance	1,600	2,000	1,865	135
Dental insurance	2,943	2,943	2,852	91
Life insurance	3,000	3,000	2,751	249
Cafeteria plan	14,625	16,000	15,567	433
Short-term disability	1,700	1,700	1,416	284
Workers' compensation insurance	18,000	20,000	19,791	209
Unemployment compensation	5,000	3,000	-	3,000
Employees' assistance program	207	207	135	72
Auto allowance	<u>9,000</u>	<u>6,000</u>	<u>5,331</u>	<u>669</u>
Total personal services	<u>952,121</u>	<u>947,850</u>	<u>935,374</u>	<u>12,476</u>
Operating expenditures:				
Utilities	10,000	14,000	13,990	10
Repair and maintenance - building	16,000	16,000	6,140	9,860
Vehicle maintenance	20,000	20,000	19,258	742
Equipment maintenance	12,000	15,000	14,093	907
Other miscellaneous charges	10,000	8,500	2,855	5,645
Safety equipment	1,500	3,000	2,960	40
Mosquito and sandfly control	5,000	4,000	1,528	2,472
Yardwaste recycling	55,000	40,000	38,471	1,529
Refuse landfill fees	30,000	30,000	25,127	4,873
Recycling expenditures	500	500	-	500
Computer supplies	-	1,000	528	472
Gasoline, diesel and oil	33,000	40,000	38,127	1,873
Uniforms	5,000	6,000	5,336	664
Animal control	5,000	5,000	115	4,885
Contract services - information technology	6,000	6,000	4,733	1,267
Telephone	<u>7,200</u>	<u>10,000</u>	<u>9,335</u>	<u>665</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Solid waste, continued				
Operating expenditures, continued				
Small tools and equipment	\$ 2,000	\$ 3,000	\$ 2,950	\$ 50
Supplies	11,000	8,471	6,422	2,049
Total operating expenditures	<u>229,200</u>	<u>230,471</u>	<u>191,968</u>	<u>38,503</u>
Capital outlay:				
Buildings	35,000	10,000	773	9,227
Machinery and equipment	102,000	130,000	127,324	2,676
Total capital outlay	<u>137,000</u>	<u>140,000</u>	<u>128,097</u>	<u>11,903</u>
Total solid waste	<u>1,318,321</u>	<u>1,318,321</u>	<u>1,255,439</u>	<u>62,882</u>
Roads:				
Operating expenditures:				
Utilities - street lighting	1,500	1,500	57	1,443
Clearing and trimming	28,000	28,000	23,218	4,782
Road and ramble maintenance	1,000	8,000	7,794	206
Stormwater maintenance	6,000	5,750	-	5,750
Other miscellaneous charges	500	500	-	500
Safety equipment	-	250	108	142
Signs	5,000	5,000	1,437	3,563
Total operating expenditures	<u>42,000</u>	<u>49,000</u>	<u>32,614</u>	<u>16,386</u>
Capital outlay:				
Roads	235,000	228,000	-	228,000
Total capital outlay	<u>235,000</u>	<u>228,000</u>	<u>-</u>	<u>228,000</u>
Total roads	<u>277,000</u>	<u>277,000</u>	<u>32,614</u>	<u>244,386</u>
Grounds:				
Personal services:				
Regular salaries and wages	99,000	99,000	-	99,000
Overtime	3,000	391	-	391
FICA taxes	6,200	-	-	-
Medicare taxes	1,450	1,450	-	1,450
Pension contributions - DBP	14,397	14,397	14,397	-
Pension contributions - DCP	15,000	-	-	-
Health insurance	39,191	-	-	-
Long-term disability insurance	250	250	-	250
Dental insurance	960	960	-	960
Life insurance	500	500	-	500
Cafeteria plan	3,650	3,650	-	3,650
Short-term disability	200	200	-	200
Workers' compensation insurance	9,000	9,000	8,996	4
Employees' assistance program	47	47	17	30
Total personal services	<u>192,845</u>	<u>129,845</u>	<u>23,410</u>	<u>106,435</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Grounds, continued				
Operating expenditures:				
Contract services - grounds maintenance	\$ 45,000	\$ 47,000	\$ 46,990	\$ 10
Utilities - water	39,000	43,000	42,231	769
Safety equipment	1,000	1,000	618	382
Grounds projects	33,000	33,000	14,847	18,153
Ficas Alley expenses	45,000	102,000	101,630	370
Small tools and equipment	3,000	3,000	897	2,103
Equipment maintenance	1,500	1,500	957	543
Supplies	17,000	17,000	12,392	4,608
Total operating expenditures	<u>184,500</u>	<u>247,500</u>	<u>220,562</u>	<u>26,938</u>
Capital outlay:				
Grounds equipment	5,000	500	-	500
Total capital outlay	<u>5,000</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total grounds	<u>382,345</u>	<u>377,845</u>	<u>243,972</u>	<u>133,873</u>
Lethal yellowing	<u>155,000</u>	<u>159,500</u>	<u>159,282</u>	<u>218</u>
Beautification and maintenance	<u>40,000</u>	<u>40,000</u>	<u>116</u>	<u>39,884</u>
Conservation	<u>50,000</u>	<u>50,000</u>	<u>7,504</u>	<u>42,496</u>
Total expenditures	<u>9,650,585</u>	<u>10,336,832</u>	<u>9,160,267</u>	<u>1,176,565</u>
Excess (deficiency) of revenues over expenditures	<u>(883,404)</u>	<u>(1,268,404)</u>	<u>1,374,328</u>	<u>2,642,732</u>
Other financing sources				
Transfer from reserves	883,404	1,268,404	-	(1,268,404)
Total other financing sources	<u>883,404</u>	<u>1,268,404</u>	<u>-</u>	<u>(1,268,404)</u>
Net change in fund balance	-	-	1,374,328	1,374,328
Fund balance, beginning of year	-	-	9,636,497	9,636,497
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,010,825</u>	<u>\$ 11,010,825</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BEACH PROTECTION FUND - NON-GAAP BUDGETARY BASIS
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenue				
Taxes				
Ad valorem property taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,813,842	\$ 13,842
Investment income	-	-	124,240	124,240
Total revenue	2,800,000	2,800,000	2,938,082	138,082
Expenditures:				
General government:				
Beach protection administration:				
Personal services:				
Regular salaries & wages	205,000	216,000	215,460	540
Overtime	-	150	105	45
Auto allowance	6,000	6,250	6,023	227
FICA taxes	14,350	14,350	13,398	952
Medicare taxes	2,987	3,500	3,133	367
Pension contributions- DCP	22,900	24,000	23,550	450
Health insurance	33,328	25,500	25,005	495
Long-term disability insurance	1,000	1,000	390	610
Dental insurance	335	335	328	7
Life insurance	850	850	495	355
Cafeteria plan	1,825	2,000	1,903	97
Short-term disability	200	500	310	190
Employees' assistance program	100	100	17	83
Workers' comp insurance	4,242	4,242	900	3,342
Total personal services	293,117	298,777	291,017	7,760
Operating expenditures:				
Professional services - legal	25,000	20,000	3,153	16,847
Professional services - lobbying	25,000	25,000	24,045	955
Professional services - accounting	20,000	20,000	13,052	6,948
Contracted services - information technology	-	1,300	1,259	41
Public relations	5,000	3,200	-	3,200
Other miscellaneous charges	5,000	5,000	4,224	776
Bank charges	500	500	-	500
Beach cleaning	31,200	31,200	31,200	-
Books, publications and subscriptions	1,000	1,500	1,203	297
Administrative charges -General fund	75,000	75,000	75,000	-
Total operating expenditures	187,700	182,700	153,136	29,564
Total beach protection administration	480,817	481,477	444,153	37,324

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BEACH PROTECTION FUND - NON-GAAP BUDGETARY BASIS, CONTINUED
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Environmental:				
Beach protection and monitoring:				
Operating expenditures:				
Travel and per diem	\$ 3,000	\$ 3,000	\$ 459	\$ 2,541
Telephone	1,020	1,020	-	1,020
Equipment maintenance	4,000	4,000	3,350	650
Personnel training	2,500	2,750	2,582	168
Professional services - engineering	100,000	98,590	50,947	47,643
Contingency	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total beach protection and monitoring	<u>210,520</u>	<u>209,360</u>	<u>57,338</u>	<u>152,022</u>
Beach protection projects				
Capital outlay:				
Machinery and equipment	7,500	8,000	7,730	270
Reef monitoring	141,000	141,000	4,172	136,828
Beach renourishment	-	13,000	12,400	600
Beach profile surveys	78,000	65,000	44,370	20,630
Professional services - engineering	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total beach protection projects	<u>246,500</u>	<u>247,000</u>	<u>68,672</u>	<u>178,328</u>
Total expenditures	<u>937,837</u>	<u>937,837</u>	<u>570,163</u>	<u>367,674</u>
Excess of revenues over expenditures	<u>1,862,163</u>	<u>1,862,163</u>	<u>2,367,919</u>	<u>505,756</u>
Other financing sources/(uses):				
Transfer to reserves	<u>(1,862,163)</u>	<u>(1,862,163)</u>	<u>-</u>	<u>1,862,163</u>
Total other financing sources	<u>(1,862,163)</u>	<u>(1,862,163)</u>	<u>-</u>	<u>1,862,163</u>
Net change in fund balance	-	-	2,367,919	2,367,919
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>13,197,012</u>	<u>13,197,012</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,564,931</u>	<u>\$ 15,564,931</u>

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN SCHEDULE OF CHANGES
IN THE NET PENSION LIABILITY AND RELATED RATIOS
September 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 10,668	\$ 15,117	\$ 25,308	\$ 24,603	\$ 31,976	\$ 38,814	\$ 90,976	\$ 149,385	\$ 192,769
Interest on total pension liability	728,231	736,678	761,859	769,461	774,744	773,506	708,105	696,066	677,086
Change in benefit terms	-	-	-	-	-	-	536,779	-	-
Change in assumptions	553,073	24,327	(201,472)	(25,936)	-	138,141	209,885	-	-
Experience gains/(losses)	83,298	140,993	34,175	135,365	122,551	84,157	562,872	294,499	288,977
Benefit payments	<u>(1,084,995)</u>	<u>(1,043,961)</u>	<u>(1,015,073)</u>	<u>(1,017,594)</u>	<u>(1,007,810)</u>	<u>(1,007,889)</u>	<u>(945,772)</u>	<u>(855,198)</u>	<u>(736,837)</u>
Net change in total pension liability	290,275	(126,846)	(395,203)	(114,101)	(78,539)	26,729	1,162,845	284,752	421,995
Total pension liability, beginning	<u>12,669,005</u>	<u>12,795,851</u>	<u>13,191,054</u>	<u>13,305,155</u>	<u>13,383,694</u>	<u>13,356,965</u>	<u>12,194,120</u>	<u>11,909,368</u>	<u>11,487,373</u>
Total pension liability, ending	<u>12,959,280</u>	<u>12,669,005</u>	<u>12,795,851</u>	<u>13,191,054</u>	<u>13,305,155</u>	<u>13,383,694</u>	<u>13,356,965</u>	<u>12,194,120</u>	<u>11,909,368</u>
Plan Fiduciary Net Position:									
Contributions	425,000	318,750	425,000	531,250	318,750	425,000	331,161	331,161	360,411
Net investment income	(1,645,507)	2,101,315	556,551	161,648	622,037	1,278,521	941,766	(729,843)	634,470
Benefit payments	(1,084,995)	(1,043,961)	(1,015,073)	(1,017,594)	(1,007,810)	(1,007,889)	(945,772)	(855,198)	(736,837)
Administrative expenses	<u>(13,300)</u>	<u>(13,700)</u>	<u>(12,500)</u>	<u>(11,820)</u>	<u>(11,310)</u>	<u>(4,453)</u>	<u>(3,551)</u>	<u>(19,520)</u>	<u>-</u>
Net change in plan fiduciary net position	(2,318,802)	1,362,404	(46,022)	(336,516)	(78,333)	691,179	323,604	(1,273,400)	258,044
Plan fiduciary net position, beginning	<u>11,372,123</u>	<u>10,009,719</u>	<u>10,055,741</u>	<u>10,392,257</u>	<u>10,470,590</u>	<u>9,779,411</u>	<u>9,455,807</u>	<u>10,729,207</u>	<u>10,471,163</u>
Plan fiduciary net position, ending	<u>9,053,321</u>	<u>11,372,123</u>	<u>10,009,719</u>	<u>10,055,741</u>	<u>10,392,257</u>	<u>10,470,590</u>	<u>9,779,411</u>	<u>9,455,807</u>	<u>10,729,207</u>
Net pension liability, ending	<u>\$ 3,905,959</u>	<u>\$ 1,296,882</u>	<u>\$ 2,786,132</u>	<u>\$ 3,135,313</u>	<u>\$ 2,912,898</u>	<u>\$ 2,913,104</u>	<u>\$ 3,577,554</u>	<u>\$ 2,738,313</u>	<u>\$ 1,180,161</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>69.86%</u>	<u>89.76%</u>	<u>78.23%</u>	<u>76.23%</u>	<u>78.11%</u>	<u>78.23%</u>	<u>73.22%</u>	<u>77.54%</u>	<u>90.09%</u>
Covered payroll	<u>\$ 572,306</u>	<u>\$ 623,567</u>	<u>\$ 934,044</u>	<u>\$ 870,822</u>	<u>\$ 1,021,979</u>	<u>\$ 1,123,300</u>	<u>\$ 1,123,300</u>	<u>\$ 1,389,114</u>	<u>\$ 1,747,560</u>
Net pension liability as a percentage of covered payroll	<u>682.49%</u>	<u>207.98%</u>	<u>298.29%</u>	<u>360.04%</u>	<u>285.03%</u>	<u>259.33%</u>	<u>318.49%</u>	<u>197.13%</u>	<u>67.53%</u>

Note: Information for plan years 2013 and prior is not available.

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN SCHEDULE OF
EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS FOR THE LAST TEN FISCAL YEARS
September 30, 2022

Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution (Excess)/ Deficiency	Covered Payroll	Contribution Percentage of Covered Payroll	Annual Money Weighted Rate of Return, Net of Investment Expense
September 30, 2022	\$ 375,194	\$ 425,000	\$ (49,806)	\$ 572,306	74.26%	-14.99%
September 30, 2021	\$ 438,436	\$ 318,750	\$ 119,686	\$ 623,567	51.12%	21.94%
September 30, 2020	\$ 434,885	\$ 425,000	\$ 9,885	\$ 934,044	45.50%	5.79%
September 30, 2019	\$ 379,173	\$ 531,250	\$ (152,077)	\$ 870,822	61.01%	1.60%
September 30, 2018	\$ 353,918	\$ 318,750	\$ 35,168	\$ 1,021,979	31.19%	6.20%
September 30, 2017	\$ 367,286	\$ 425,000	\$ (57,714)	\$ 1,123,300	37.83%	13.66%
September 30, 2016	\$ 312,434	\$ 331,161	\$ (18,727)	\$ 1,123,300	29.48%	10.31%
September 30, 2015	\$ 316,624	\$ 331,161	\$ (14,537)	\$ 1,389,114	23.84%	-7.05%
September 30, 2014	\$ 337,348	\$ 360,411	\$ (23,063)	\$ 1,747,560	20.62%	6.23%
September 30, 2013	\$ 399,230	\$ 349,791	\$ 49,439	\$ 1,886,510	18.54%	N/A

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
DEFINED BENEFIT PENSION PLAN SCHEDULE OF
CHANGES IN TOTAL PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS
September 30, 2022

Year Ended	Amount of Collective Pension Liability	Percentage of Collective Pension Liability	Covered Payroll	Pension Liability Percentage of Covered Payroll
September 30, 2022	\$ 3,905,959	69.86%	\$ 572,306	682.49%
September 30, 2021	\$ 1,296,882	89.76%	\$ 623,567	207.98%
September 30, 2020	\$ 2,786,132	78.23%	\$ 934,044	298.29%
September 30, 2019	\$ 3,135,313	76.23%	\$ 870,822	360.04%
September 30, 2018	\$ 2,912,898	78.11%	\$ 1,021,979	285.03%
September 30, 2017	\$ 2,913,104	78.23%	\$ 1,123,300	259.33%
September 30, 2016	\$ 3,577,554	73.22%	\$ 1,123,300	318.49%
September 30, 2015	\$ 2,738,313	77.54%	\$ 1,389,114	197.13%
September 30, 2014	\$ 1,180,161	90.09%	\$ 1,747,560	67.53%
September 30, 2013	N/A	N/A	\$ 1,886,510	N/A

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
September 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 40,305	\$ 45,338	\$ 38,451	\$ 27,545	\$ 28,905
Interest on total OPEB liability	16,291	14,095	23,120	23,738	14,442
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(331,918)	-	(44,719)	-	183,732
Change of assumptions and other inputs	(40,870)	(11,482)	47,870	2,350	(6,622)
Contributions - employer	-	-	-	-	-
Contributions - active and inactive employees	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments	(19,220)	(53,081)	(49,683)	(70,048)	(67,803)
Administrative expenses	-	-	-	-	-
Other changes	-	-	(1,112)	478	69,511
Net change in total OPEB liability	(335,412)	(5,130)	13,927	(15,937)	222,165
Total OPEB liability, beginning	<u>680,038</u>	<u>685,168</u>	<u>671,241</u>	<u>687,178</u>	<u>465,013</u>
Total OPEB liability, ending	<u>\$ 344,626</u>	<u>\$ 680,038</u>	<u>\$ 685,168</u>	<u>\$ 671,241</u>	<u>\$ 687,178</u>
Plan Fiduciary Net Position:					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	-	-	-	-	-
Benefit payments	-	-	-	-	-
Administrative expenses	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position, beginning	-	-	-	-	-
Plan fiduciary net position, ending	-	-	-	-	-
Net OPEB liability, ending	<u>\$ 344,626</u>	<u>\$ 680,038</u>	<u>\$ 685,168</u>	<u>\$ 671,241</u>	<u>\$ 687,178</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	<u>\$ 5,004,341</u>	<u>\$ 5,072,725</u>	<u>\$ 5,072,725</u>	<u>\$ 4,762,886</u>	<u>\$ 4,762,886</u>
Net OPEB liability as a percentage of covered payroll	<u>6.89%</u>	<u>13.41%</u>	<u>13.51%</u>	<u>14.09%</u>	<u>14.43%</u>

Note: GASB 75 requires information for 10 years. However, until a full ten-year trend is compiled, information will be presented for only those years for which information is available.

See notes to required supplementary information.

TOWN OF JUPITER ISLAND, FLORIDA
Notes to Required Supplementary Information
September 30, 2022

1) BUDGETARY ACCOUNTING

State of Florida statutes require that all municipal governments establish budgetary systems and approve annual operating budgets. The Commission annually adopts an operating budget and appropriates funds for the General Fund and Beach Protection Fund on the same modified accrual basis used to record revenue and expenditures, except that for budgetary purposes, capital outlays are reflected as current expenditures within each governmental function. The procedures for establishing budgetary data are as follows:

- ❖ The Town Manager submits to the Commission a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ❖ Public hearings are conducted to obtain taxpayer comments.
- ❖ The Town advises the County Property Appraiser of the proposed millage rate and the date, time and place of the public hearing for budget acceptance.
- ❖ The budget and related millage rate are legally enacted by Town resolution.
- ❖ Changes or amendments to the adopted budget of the fund or a department must be approved by the Commission; however, the Town Manager may approve changes within a department which do not affect the total departmental expenditures. The Town Manager is also authorized to supplement budgeted line items to and from contingency amounts provided that there is no overall increase in the budget. Accordingly, the legal level of control is at the department level.

The reported budgetary data represents the final appropriated budgets after any amendments adopted by the Town Commission. The budgetary comparison schedules for the General Fund and Beach Protection Fund are prepared under the basis of accounting used in preparing the appropriated budget. Unexpended appropriations lapse at year end.

2) DEFINED BENEFIT PLAN

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation data was as follows:

Actuarial Valuation Date	September 30, 2022
Actuarial Cost Method	Frozen Entry Age Normal
Actuarial Assumptions:	
Discount Rate	5.5%
Investment rate of return	5.5%
Projected salary increases, including inflation at 3%	3.0%
Mortality:	
Non-Disabled (pre and post-retirement):	
Male	Pub-2010 General Headcount-Weighted Male, Below Median, set back 1 year, projected generationally with MP-2020.
Female	Pub-2010 General Headcount-Weighted Female, Below Median, projected generationally with MP-2020.
Disabled:	
Male	Pub-2010 General Headcount-Weighted Male, Below Median, Disabled Retiree set forward 3 years, projected generationally with MP-2010.
Female	Pub-2010 General Headcount-Weighted Female, Below Median, Disabled Retiree set forward 3 years, projected generationally with MP-2010.

2) OTHER POSTEMPLOYMENT BENEFIT PLAN

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation was as follows:

Actuarial Valuation Date	October 1, 2021
Measurement Date	September 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount rate	4.77%
Inflation	3.00%
Salary rate increase	5.00%

**OTHER SUPPLEMENTARY
INFORMATION**

TOWN OF JUPITER ISLAND, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022

	Debt Service Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Electric Underground	Special Law Enforcement	
Assets:			
Cash and cash equivalents	\$ <u>131,665</u>	\$ <u>2,413</u>	\$ <u>134,078</u>
Total assets	<u>\$ 131,665</u>	<u>\$ 2,413</u>	<u>\$ 134,078</u>
Liabilities and fund balance:			
Liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fund balance:			
Restricted	\$ <u>131,665</u>	\$ <u>2,413</u>	\$ <u>134,078</u>
Total fund balance	<u>131,665</u>	<u>2,413</u>	<u>134,078</u>
Total liabilities and fund balance	<u>\$ 131,665</u>	<u>\$ 2,413</u>	<u>\$ 134,078</u>

TOWN OF JUPITER ISLAND, FLORIDA
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	Debt Service Fund	Special Revenue Fund	Total Nonmajor Governmental Funds
	Electric Underground	Special Law Enforcement	
Revenue:			
Taxes	\$ 806,463	\$ -	\$ 806,463
Fines and forfeitures	<u>-</u>	<u>118</u>	<u>118</u>
Total revenue	<u>806,463</u>	<u>118</u>	<u>806,581</u>
Expenditures:			
Current:			
Public safety	-	656	656
Debt service:			
Principal	601,966	-	601,966
Interest	<u>200,545</u>	<u>-</u>	<u>200,545</u>
Total expenditures	<u>802,511</u>	<u>656</u>	<u>803,167</u>
Net change in fund balance	3,952	(538)	3,414
Fund balance, beginning of year	<u>127,713</u>	<u>2,951</u>	<u>130,664</u>
Fund balance, end of year	<u>\$ 131,665</u>	<u>\$ 2,413</u>	<u>\$ 134,078</u>

TOWN OF JUPITER ISLAND, FLORIDA
SCHEDULE OF WATER AND WASTEWATER REVENUE REFUNDING BOND COVERAGE
ENTERPRISE FUND (SOUTH MARTIN REGIONAL UTILITY)
For the Year Ended September 30, 2022

Gross revenue:	
Water	\$ 8,455,366
Wastewater	3,518,318
Irrigation quality water	399,623
Accrued guaranteed revenue fees	325,441
Interest income	184,668
Other	<u>140,373</u>
Total gross revenue	<u>13,023,789</u>
Operating expenses:	
Personal services	3,248,459
Operating expenses	<u>3,680,777</u>
Total operating expenses	<u>6,929,236</u>
Net revenue available for debt service before connection fees	6,094,553
Capital contributions	<u>611,655</u>
Net revenue available for debt service including connection fees	<u>\$ 6,706,208</u>
Scheduled debt service	<u>\$ 1,806,226</u>
Debt service coverage before connection fees (Minimum required coverage is 1.10)	<u>3.37</u>
Debt service coverage including connection fees (Minimum required coverage is 1.20)	<u>3.71</u>

TOWN OF JUPITER ISLAND, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
September 30, 2022

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total Pension Trust Funds
Assets:				
Cash and cash equivalents	\$ 263,974	\$ -	\$ -	\$ 263,974
Unallocated cash in transit	-	27,101	11,873	38,974
Investments - mutual funds	8,784,358	2,573,634	4,064,757	15,422,749
Employer contributions receivable	106,250	-	2,702	108,952
Loans receivable	<u>-</u>	<u>23,959</u>	<u>73,765</u>	<u>97,724</u>
Total assets	<u>9,154,582</u>	<u>2,624,694</u>	<u>4,153,097</u>	<u>15,932,373</u>
Liabilities:				
Accrued benefits and other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position:				
Net position restricted for pensions	<u>\$ 9,154,582</u>	<u>\$ 2,624,694</u>	<u>\$ 4,153,097</u>	<u>\$ 15,932,373</u>

TOWN OF JUPITER ISLAND, FLORIDA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Year Ended September 30, 2022

	Town Defined Benefit Pension Trust Fund	SMRU Defined Contribution Pension Trust Fund	Town Defined Contribution Pension Trust Fund	Total Pension Trust Funds
Additions:				
Contributions:				
Employer	\$ 425,000	\$ 276,088	\$ 512,548	\$ 1,213,636
Investment income	<u>(1,638,112)</u>	<u>(616,944)</u>	<u>(920,180)</u>	<u>(3,175,236)</u>
Total additions	<u>(1,213,112)</u>	<u>(340,856)</u>	<u>(407,632)</u>	<u>(1,961,600)</u>
Deductions:				
Payments to retirees and employees	1,004,423	357,396	296,436	1,658,255
Investment fee expense	<u>20,695</u>	<u>532</u>	<u>1,387</u>	<u>22,614</u>
Total deductions	<u>1,025,118</u>	<u>357,928</u>	<u>297,823</u>	<u>1,680,869</u>
Change in net position	(2,238,230)	(698,784)	(705,455)	(3,642,469)
Net position, beginning of year	<u>11,392,812</u>	<u>3,323,478</u>	<u>4,858,552</u>	<u>19,574,842</u>
Net position, end of year	<u>\$ 9,154,582</u>	<u>\$ 2,624,694</u>	<u>\$ 4,153,097</u>	<u>\$ 15,932,373</u>

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
September 30, 2022

	<u>Employee Education Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ <u>15,171</u>
Total assets	\$ <u>15,171</u>
Net position	
Held in trust for employees	\$ <u>15,171</u>

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND
For the Year Ended September 30, 2022

	<u>Employee Education Trust Fund</u>
Additions:	
Contributions	\$ <u> -</u>
Total additions	<u> -</u>
Deductions:	
Scholarships	7,000
Bank charges	<u> 173</u>
Total deductions	<u> 7,173</u>
Change in net position	(7,173)
Net position, beginning of year	<u> 22,344</u>
Net position, end of year	<u><u> \$ 15,171</u></u>

TOWN OF JUPITER ISLAND, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TOWN EMPLOYEES AGENCY FUND
For the Year Ended September 30, 2022

	Balance October 1, 2021	Additions	Deductions	Balance September 30, 2022
Assets				
Cash	\$ 22,857	\$ 179,339	\$ (184,982)	\$ 17,214
Total assets	<u>\$ 22,857</u>	<u>\$ 179,339</u>	<u>\$ (184,982)</u>	<u>\$ 17,214</u>
Liabilities				
Due to employees	\$ 22,857	\$ 179,339	\$ (184,982)	\$ 17,214
Total liabilities	<u>\$ 22,857</u>	<u>\$ 179,339</u>	<u>\$ (184,982)</u>	<u>\$ 17,214</u>

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
Town Commissioners
Town of Jupiter Island, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Jupiter Island, Florida as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Jupiter Island, Florida's basic financial statements, and have issued our report thereon dated January 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Jupiter Island, Florida's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Jupiter Island, Florida's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Jupiter Island, Florida's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Jupiter Island, Florida's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Templeton & Company, LLP

West Palm Beach, Florida
January 30, 2023



MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and
Town Commissioners
Town of Jupiter Island, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Jupiter Island, Florida, as of and for the year ended September 30, 2022, and have issued our report thereon dated January 30, 2023.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* and the Independent Auditor's Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated January 30, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the basic financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Town of Jupiter Island, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town of Jupiter Island, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town of Jupiter Island, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that the special district component unit provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, require the Jupiter Island Beach Protection District (the District) to report the following specific information:

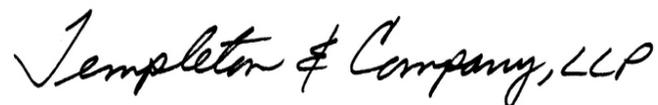
- a) The total number of employees compensated in the last pay period of the District's fiscal year is eight.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year was zero.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was \$221,588.
- d) There was no compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency.
- e) Each construction project with a total cost of at least \$65,000 approved by the district, scheduled to begin on or after October 1 of the fiscal year being reported on together with the total expenditures for such project, are as follows: None.
- f) A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, and the amended budget under Section 189.016(6), Florida Statutes, is reported on pages 65 to 66 of the financial statements.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Town Commission, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



West Palm Beach, Florida
January 30, 2023



INDEPENDENT AUDITOR'S REPORT ON AN COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor and Town Commissioners
Town of Jupiter Island, Florida

We have examined the Town of Jupiter Island, Florida's (the Town) compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the year ended September 30, 2022. Management is responsible for the Town of Jupiter Island, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Town of Jupiter Island, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about the whether the Town complied with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General and the Town Commission and management of the Town of Jupiter Island, Florida, and is not intended to be, and should not be, used by anyone other than these specified parties.

Templeton & Company, LLP

West Palm Beach, Florida
January 30, 2023